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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents

CONTENTS (23 February 1973)

FAR EAST

- 1 Indochina
- 6 The Sino-Soviet Quarrel
- 7 China: The Sum of its Parts
- 8 Japan: Automobiles & Oil

EUROPE

- 10 Ireland: Time for a Change?
- 11 International Monetary Developments
- 11 Malta: Mintoff Melts
- 12 East Europeans Buy in the West

**MIDDLE EAST
AFRICA**

- 13 Arab States - Israel:
Intractable Rivals
- 14 Libya: Arms From the UK
- 14 Jordan: Fedayeen Lose Another
- 15 Cyprus: Makarios' Plans
- 15 Greece: Student Unrest
- 16 East Africa: Distress Signals

**WESTERN
HEMISPHERE**

- 17 Cuba: Hijacking Pacts
- 18 Argentina: A Nervous Period
- 19 Chile: Countdown to Elections
- 20 Dominican Republic: Guerrillas
- 21 Ecuador: A Soldier's Year
- 22 Nicaragua: Political Aftershock

[Redacted]

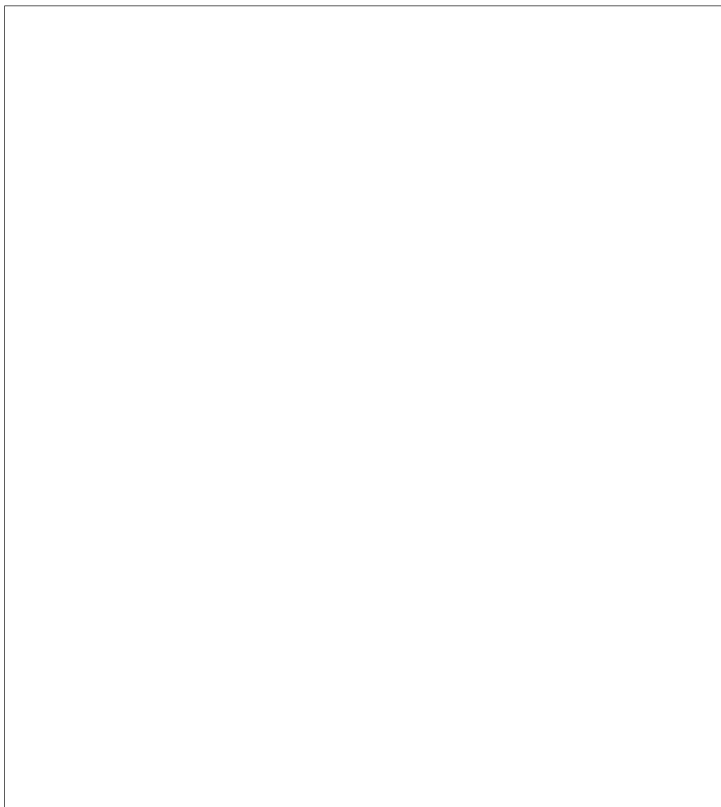
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**SPECIAL
REPORTS**

(Published separately)

- A Japan: The Communist Party Comes of Age
- B Iran's Military: Dominating the Gulf

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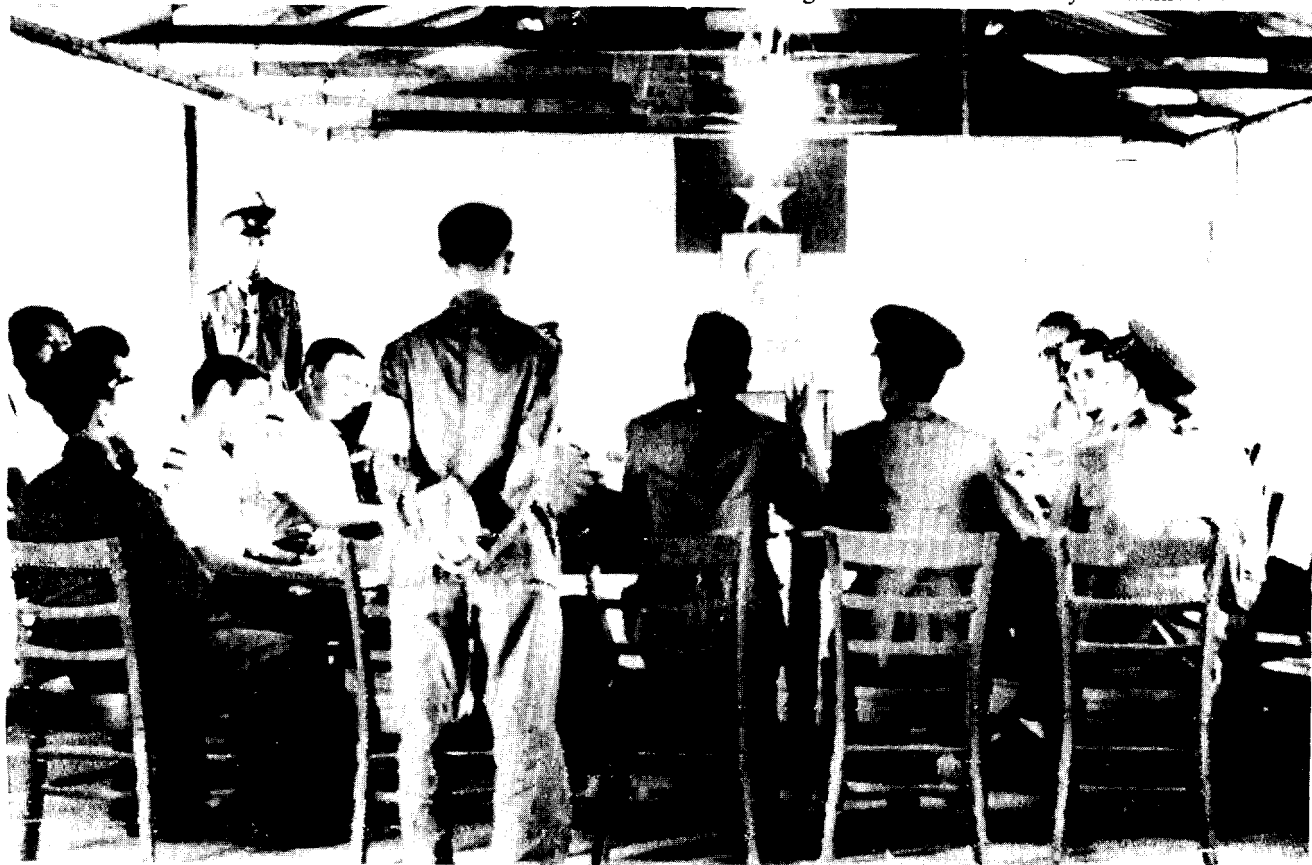
INDOCHINA

Paris Again

The International Conference on Vietnam, the gathering at the foreign minister level that is the final stand in the network of supervisory bodies provided for in the Paris accords, meets in Paris on 26 February. Most participants want a short, largely pro-forma session. The past few weeks have seen a spate of diplomatic activity designed to develop a basis of agreement among the 13 participants before the formal sessions begin. Disputes could still disrupt the proceedings, but it now appears that the conference will ratify the accords in fairly short order and establish some mechanism to which the supervisory teams can report.

Participating will be the five permanent members of the UN Security Council, the four countries furnishing personnel to the International Commission for Control and Supervision, the three indigenous Vietnamese parties, and UN Secretary General Waldheim. They could run into difficulties over the question of the continuing supervisory mechanism. It is clear that the Vietnamese Communists want responsibility for the maintenance of the accords to rest essentially with the four former belligerents, with outside interference kept to a minimum. They have been particularly firm in opposing any participation by international bodies—a stand that explains their unwillingness to see Waldheim named chairman of the conference.

Members of the ICCS meet with North Vietnamese delegates to the Joint Military Commission.



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Moscow and Peking have echoed some of the Vietnamese Communist demands, but their basic aims at the conference differ from those of their Vietnamese clients. The Soviets are looking for some sort of implicit guarantee of their post-war right to be involved in Indochina, but both Peking and Moscow want to defuse Vietnam as an important issue in big-power politics. Both, moreover, want arrangements that will make major violations of the accords by any party very difficult. Neither will want to give the impression in public of opposing the Vietnamese Communists; both will probably work behind the scenes to prevent hangups over trivial details. They seem to want a conference communique that expresses strong but general support for the accords, backed perhaps by private understandings to supplement arrangements for continuing supervision. This mutuality of interests does not, however, mean that the Sino-Soviet rivalry in Southeast Asia, or anywhere else, is a thing of the past;

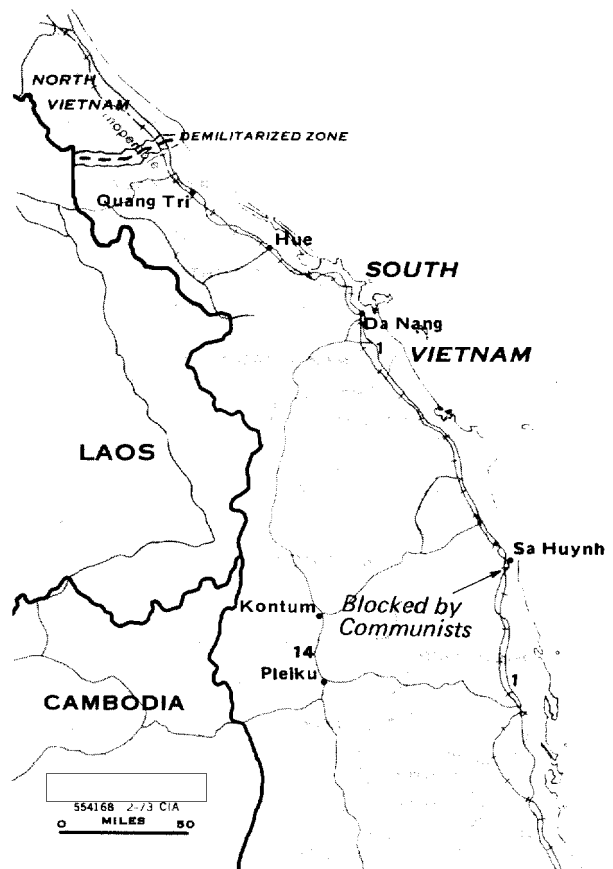
Aside from the big powers and the Vietnamese parties themselves, most of the participants seem likely to play a secondary role, although some—the French and the Canadians—might perform useful service as go-betweens. The one remaining question is Saigon's attitude toward the conference. The Thieu government has been reticent in public on the subject, but it has clearly implied that it wants more stringent guarantees against Communist encroachment than it seems likely to get. If President Thieu is dissatisfied with the results of the conference, he might refuse to associate himself formally with it. So far, however, the note of deep concern present in Saigon's official and semi-official press last fall has been absent from current output, suggesting that Thieu, like the other participants, will be willing to live with the results.

Saigon Politics

President Thieu is moving to shore up his position with South Vietnam's non-Communist political forces. His aim is to create at least the appearance of unity on the eve of the international conference in Paris and possible political

talks with the Viet Cong. Following up his recent meetings in Saigon with major political and religious leaders, the President announced last weekend the formation of a broad-based "popular front" to advise the government. The front may play a role in the selection of Saigon's contingent to the National Council for National Reconciliation and Concord called for in the cease-fire agreement.

Several opposition figures are participating in the new front, but there is considerable doubt that the body will broaden Thieu's support very much. One moderate opposition leader says his group is involved reluctantly; he is skeptical about the President's motives, believing that the front is intended only as "a show" to enhance Saigon's position at the Paris conference. Other politicians



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undoubtedly recall disappointments during past short-lived government fronts and are unlikely to give their wholehearted support this time unless Thieu allows them some meaningful role in making national policy. One party leader who is not participating is threatening to create a rival front, but his chances of getting a significant group together are slim.

Four An Quang Buddhist senators attended the organizational meeting of the new front. They subsequently said that they were present as "individuals" and that the An Quang movement did not wish to commit itself. The four senators indicated that they will withdraw from the front if it embarks on a course they consider unwise.

The Buddhists are also considering a role in the National Council. An Quang leaders have indicated that, having made clear their preference for the Thieu government over the Viet Cong, they might join the council as part of a "neutralist" group to be chosen by Saigon. One prominent An Quang monk recently issued a statement asserting that "people who have done nothing for the country for a long time" should be excluded from the council, suggesting that the Buddhists are afraid that members of the exile community might usurp what An Quang considers to be its rightful role.

Some Buddhist and other opposition senators, meanwhile, are trying to convene a special Senate session to amend the controversial presidential decree on political parties. Although the senators have little chance of passing any amendments, they could trigger a stormy debate that would embarrass the Thieu government. Some senators remain bitter toward Thieu over the decree's stiff membership requirements for parties and do not credit recent indications that Thieu himself is considering liberalizing the decree.

A Waning War

The intensity of military action has declined further in most of the country, although some

sharp fighting is still going on in the northern provinces. Most of the activity is concentrated in southern Quang Ngai Province around the coastal village of Sa Huynh, which was retaken by the government last weekend after nearly three weeks of Communist occupation. The North Vietnamese are dug in just south of the village, blocking coastal Route 1, and are offering stiff resistance.

The government has reopened Route 14 between Pleiku and Kontum cities, but the Communists continue to shell and harass South Vietnamese military convoys trying to use the road. President Thieu ordered this trouble spot cleared quickly and threatened to fire senior government officials in Kontum Province if they failed. Government officials throughout the country seem to believe that the situation in the countryside has stabilized as much as can be expected, and no major new land-grabbing efforts by either side are foreseen for the present.

There are signs that the Communists are beginning to take steps to carry out other provisions of the Paris Agreement. The Viet Cong, for example, have finally selected three border entry sites through which the authorized replacement of arms and equipment are supposed to be channeled to Communist units in the South.

Both Communist and government authorities have appealed publicly to their troops to observe the cease-fire. Both sides have, in fact, issued orders to their respective units to limit military activity for the most part to defensive maneuvering. Sporadic shellings and ground attacks by both sides probably will continue, however, particularly in an effort to gain further advantages in local positions before the international truce teams are fully in the field.

LAOS: SHAPE OF THINGS TO COME

Amid the popping of champagne corks and expressions of general relief, government and Communist plenipotentiaries on 20 February

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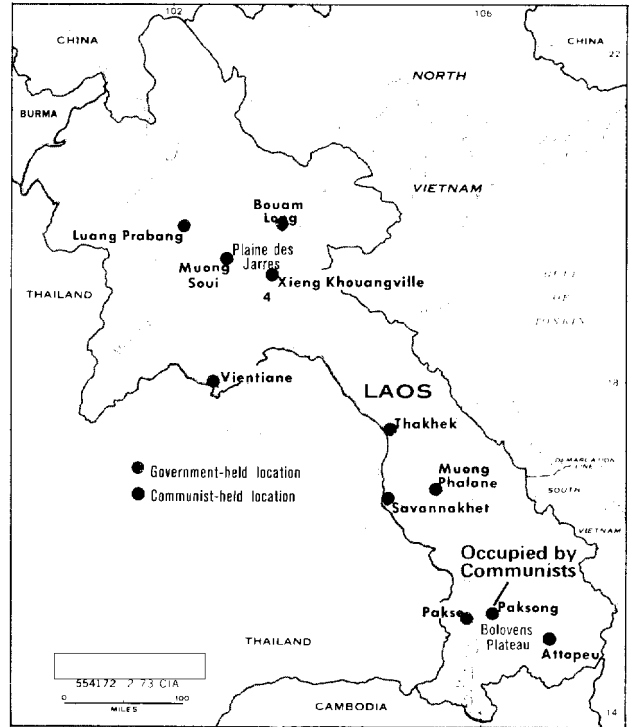
signed a long-awaited Lao peace agreement in Vientiane. The result of over four months of tedious negotiations, the military aspects of the pact provide for an immediate bombing halt, an in-place cease-fire, the withdrawal of "foreign" troops, and an exchange of prisoners within 90 days. On the political side, the agreement calls for an even division of cabinet portfolios in a new provisional government, but leaves the exact distribution of the portfolios open to further negotiations. Although the document does not specify who will head the new government, both sides apparently wish to retain Souvanna Phouma as prime minister.)

(The comprehensive nature of the agreement almost certainly came as a surprise to Souvanna's own cabinet, and an unpleasant one to rightist members. Two days earlier, Lao Communist leader Souphanouvong had himself proposed a relatively simple interim cease-fire arrangement that would have allowed Souvanna more time to overcome rightist objections.) The rightists were particularly opposed to an even split of cabinet positions with the Communists. By initiating a comprehensive settlement, Souvanna presented them with a fait accompli.)

(With no option but to accept the agreement, the rightists will now probably concentrate their attention on the distribution of cabinet portfolios. They will undoubtedly urge Souvanna to retain the key ministries of defense, foreign affairs, and finance for members of the present government—an arrangement the Communists are



The Mekong River in Laos
Peace in sight



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unlikely to accept and one that the realistic Souvanna is unlikely to push for.]

Getting in the Last Licks

9 [Pathet Lao supreme headquarters on 21 February ordered all Lao Communist units to strictly observe the terms of the cease-fire agreement. Minutes after the deadline at noon on 22 February, however, North Vietnamese units attacked government positions around Paksong and forced the irregulars to abandon the town.]

7 [On the eve of the cease-fire, elements of an eight-battalion irregular force had skirmished with North Vietnamese units just west of Muong Phalane in the central panhandle, but neither side appeared ready to mount any large-scale attacks.]

9 [In north Laos, Communist mortar and artillery fire early in the week kept irregular units from moving up to the edge of the Plaine des Jarres, while North Vietnamese infantry troops

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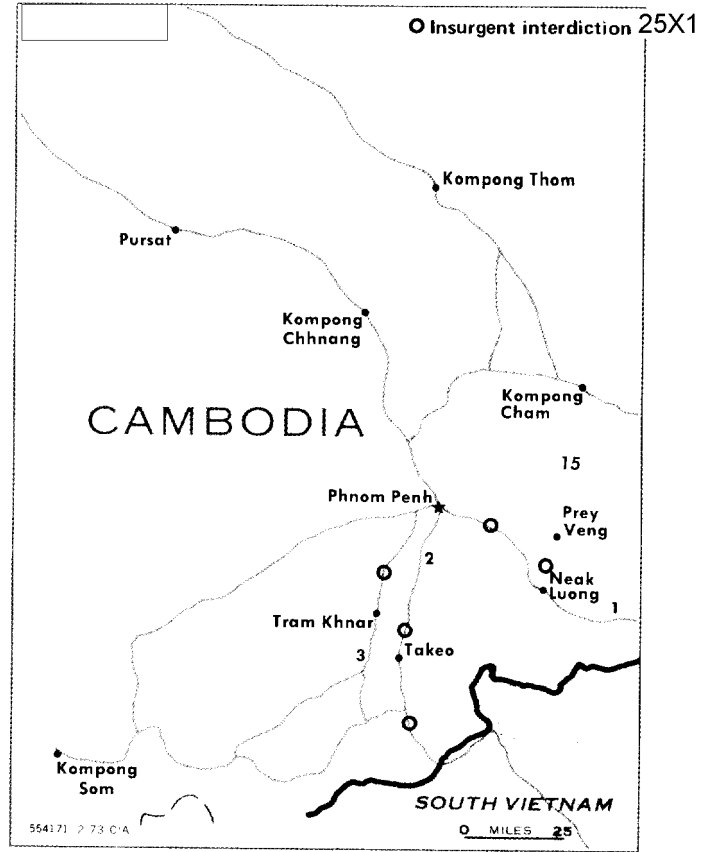
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engaged elements of a 700-man irregular force on a ridge overlooking Route 4 near Xieng Khouang-ville.

CAMBODIA: THE REMAINING WAR

11 With the signing of a cease-fire in Vientiane, Cambodia is the last avowed battlefield in Indochina, and from all indications, the Communist-led Khmer insurgents are prepared to sustain their struggle against Phnom Penh indefinitely. Their ability to keep up the pressure was demonstrated anew this week as they maintained their hold on sections of several major highways. In the Phnom Penh area, the insurgents checked government efforts to clear a stretch of Route 1 between the capital and the Mekong. On the river's east bank, other insurgent forces were still in control over much of Route 15 between Neak Luong and Prey Veng. Although Phnom Penh sent reinforcements to both fronts, government efforts to regain the initiative along the two roads foundered on inept leadership and faulty tactical coordination.

11 South of Phnom Penh, insurgent pressure against portions of Route 2 kept that highway closed to the South Vietnamese border. Government clearing operations along the roadway north and south of the town of Takeo registered no real progress. To the west, insurgent attacks at mid-week on several government positions on



Cambodia Army Patrol
The war continues

Route 3 closed a portion of that highway just north of Tram Khnar.]

On the Economic Front

12 [The Lon Nol government finally enacted some of the price reforms recently recommended by the International Monetary Fund. Increases in prices for gasoline and other POL products have been put into effect, and higher electricity rates and rice prices will soon follow. Mindful of a possible adverse public reaction to the increased costs of these sensitive items, Lon Nol on 20 February called on his countrymen to confine any complaints to orderly protests sent through regular bureaucratic channels. Some Cambodians failed to heed the President's appeal, however, 25X1 and reacted to local price hikes in Battambang and Kompong Cham cities by looting the shops of Chinese merchants.]

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THE SINO-SOVIET QUARREL

Changing Names on the Frontier

Soviet sensitivity to Chinese claims to huge chunks of Siberia recently came through in an unusual way. In a decree of 26 December 1972, the Russian Republic's Supreme Soviet gave Russianized names to nine towns situated on territory claimed by China, thereby removing at least that sign that the Chinese had once inhabited the area. Some of the towns are near the border with China where fighting broke out during 1969. The decree did not cover all of the geographic names of apparent Chinese origin in the area, and further changes may come later.

Names of towns in the USSR are frequently changed, usually for political reasons, but this is the first time that names of Chinese origin have been altered.

Border Talks Sterile, But in Session

The chief Soviet negotiator at the border talks in Peking, Deputy Foreign Minister Ilichev, and Ambassador Tolstikov returned to China on 12 January after four weeks in Moscow, but there has been no hint of forward movement in bilateral relations. A Soviet Foreign Ministry official recently told a US Embassy officer that Ilichev attended a plenary session of border negotiators shortly after his return, but presented no new

initiatives. Predictably, the official blamed the continuing impasse on the Chinese.

Although officials of neither side hold out much hope for early progress, both seem intent on keeping the negotiations going.

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Rivalry Abroad

The past several weeks have been marked by intense competition between the USSR and China for influence in such key areas as Japan and Western Europe. In overtures to Japan, for example, the Chinese have tried to thwart plans for joint Soviet-Japanese projects to exploit Siberian resources. Peking has coupled blunt language on the Soviet threat with a more flexible economic policy aimed at presenting China as an attractive long-term trading partner. Elsewhere, as the talks on mutual force reductions were getting under way in Vienna, the Chinese did their best to convince the West Europeans that Moscow cannot be trusted. New Sino-Soviet frictions are likely to emerge in the wake of the Paris agreement on Vietnam, as both Moscow and Peking move to prevent the other from gaining a dominant position in Indochina.

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CHINA: THE SUM OF ITS PARTS

Political patterns in China's provinces have been a valuable guide to assessing the direction of the political wind in Peking. During radical phases of the Cultural Revolution, leftists prospered in the countryside, only to lose out to order-minded military men in the moderate backlash that followed. Now, the once-overwhelming military presence in top provincial party and government posts is being slowly eroded by civilian officials, although this does not connote a return to radicalism.

The pace of high-level provincial appointments has picked up noticeably. Since the last provincial party committee was reformed in August 1971, 28 persons have been named deputy secretary or higher. Fifteen of these have been announced in the last three months. The majority are old cadres, and many were ousted by the Red Guards during the Cultural Revolution. Most of these new leaders have been added to the existing party committees, but in some cases they may be replacements for missing military men. At least 25 soldier-politicians are out of sight.

The new appointees include experienced civilians and military men as well as some officials who are virtually unknown. The last named were not part of the pre-Cultural Revolution party or government establishment and may form a distinct force opposed to both the veteran cadres and military men. While this breakdown is perhaps oversimplified, each of these groupings almost certainly has ties to leaders in Peking, and competition at the Peking end appears to be a primary reason for political conflict in the provinces.

This is not to say that the bitter memories of the Cultural Revolution, when political and other warfare was conducted generally along left-right lines, have been forgotten. Likewise, ties to ex-defense minister Lin Piao are a continuing factor in the political equation. Today, however, struggle for political power appears to have evolved beyond a split on left-right lines or between pro- and anti-Lin factions. While most military men and civilian regulars were allied against

the left during the Cultural Revolution, they now appear to be contending with one another for power, and to some extent these two groups are being challenged by the newcomers.

The addition of rehabilitated civilian cadres to the party committees will make little difference in terms of policy. Both groups have supported the pragmatic policies espoused by Premier Chou En-lai during and since the Cultural Revolution. The newcomers are, however, an unknown factor.

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Leftist opposition to reinstating party veterans has also probably been a factor in the slow pace of provincial leadership change. Moderate elements in Peking, meanwhile, have the delicate task of ensuring the support of the military while replacing selected soldiers with civilians. The recent resurrection of several high-ranking military officers ousted during the Cultural Revolution may be an attempt by moderates to sooth military nerves.

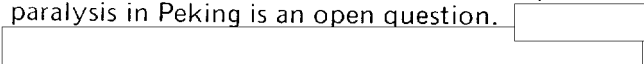


Soldiers in the Provinces

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While the action in the provincial arena has become visible, developments in Peking remain obscure. The picture is a murky one. Although the central leadership can agree on moderate social and economic policies, political appointments remain subject to serious difference and hard bargaining. If all major leaders in Peking, including Mao and Chou, saw eye-to-eye on what shape the provincial leadership ought to take, there is little doubt that events would have moved much more swiftly than they have up to now. The same difficulty undoubtedly accounts for the failure to fill long-vacant central party and military posts. Whether the movement on provincial appointments presages an end to the political paralysis in Peking is an open question.



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JAPAN

AUTO INDUSTRY BOOMS

Japan, with the fastest growing motor-vehicle industry among industrialized countries, now ranks as the world's second largest producer. By 1972, Japan was producing 6.3 million units, more than one sixth of world production. As it has grown, the Japanese automotive industry has shifted from one basically geared to producing light commercial vehicles for the domestic market to one producing passenger cars for world wide sale.

The Japanese since the mid-1960s have invested about \$1 billion annually in new plant and equipment. These heavy capital outlays have made Japan's automotive industry among the most efficient in the world. Labor productivity has far outpaced most Western European producers.



Presenting Datsun 610.

The new Datsun 610 is something altogether new... a luxury economy car. A Datsun original.

Whether you choose the new 2-Door Hardtop, the new 4-Door Sedan or the new 5-Door Wagon, you get more power, more room, more quiet, just plain more car than any economy car has a right to be. But it comes with a Datsun price tag. And the kind of design sophistication you've come to expect from Datsun. There's a new 1800 overhead cam engine and new power-assist front disc brakes for the perfect performance combination. The 4-Door Sedan and 2-Door Hardtop have a new independent rear suspension, too.

As for the luxury, well, you've really got to drive it to believe it. The luxury touches—whitewalls, fully reclining bucket seats, tinted glass, full carpeting and custom vinyl interior—are just a beginning.

It's the new Datsun 610 series. Sporting performance, luxury accommodations and an economy car price. You've got to drive one to believe it. Drive a Datsun... then decide.

Own a Datsun Original.

Yes. "... You'll never let go."

When you own a Corona, you're in good company. Thousands of enthusiastic owners echo the theme of our slogan: "Get your hands on a Toyota... You'll never let go." The Corona owner has a strong degree of brand loyalty. He knows he's bought a beautiful piece of machinery. Sensibly sized, efficient, quiet, powerful and economical. An automobile that will give him years of dependable performance. And at a price that makes it a pleasure to own.

Toyota Corona.

One of the largest selling nameplates in the world.

Corona was a "first" in the long history of cars on wheels in the United States. That was in 1965. Its sales increase has been dramatic. By 1969, sales had topped almost seven million. The Corona's reputation for quality of engineering and design is largely responsible for this remarkable popularity. Toyota's research and development programs have directed towards increasing fuel economy, quietness, and performance quality and styling, of course. All well represented in the Corona today.

The same investments in the Corona's production are a testament to Corona owners everywhere. They've made their choice to buy a Toyota.

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Japan has emerged as the most dynamic factor in world motor-vehicle trade. Exports rose ten-fold between 1965 and 1972, when they approached 2 million units, or roughly 20 percent of total world exports.

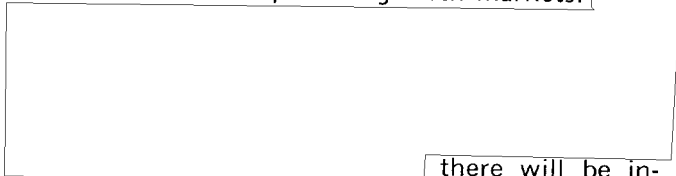


to secure adequate supplies of crude oil to meet their commitments to Japan, but have promised to make up the shortfalls in deliveries during the rest of the year.

Japan and the US are the world's largest oil importers and Japan's requirements are expected to more than double by 1980. Tokyo has, therefore, been attempting to broaden its sources of oil and ensure a stable supply. Long-term loans are being offered to oil-producing countries in return for long-term sales commitments. At the same time, Japanese firms—with government encouragement—are investing in producing ventures. Since the early 1950s, the Japanese have done some exploration on their own in various areas of the world, but only a 1958 strike in Saudi Arabia by Japan's Arabian Oil Company has produced any significant quantity of oil.

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Sales abroad probably will grow more slowly in the future, with the developing countries likely to be the most important growth markets.



there will be increased cooperation between the Japanese and US industries, with a greater sharing of technology as the Japanese make further advances of their own. The Japanese already have emerged as leaders in developing the Wankel rotary engine, and they apparently are making progress in the area of automobile emissions controls.

Japan's six major industrial groups are working together to secure additional oil supplies as well as to give Japan greater control over these supplies. A measure of direct Japanese ownership was obtained through the purchase of a 30-percent interest in the British Petroleum Company's Abu Dhabi Marina area for \$780 million. This investment is more than double Japan's total expenditures for oil exploration and development during the past twenty years.

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THE SEARCH FOR OIL

Oil companies based in the Middle East are Japan's major suppliers, and they have just announced a 5-percent reduction in their scheduled deliveries of oil to Japan during the first three months of 1973. The companies have been unable

With a view to its increased needs in the future, Japan may become involved in developing oil resources in Soviet Siberia. Talks with the Soviets have been under way for some time concerning development of the large Tyumen oil fields and Yakutsk gas reserves, as well as oil and gas deposits off the coast of Sakhalin Island. Although meetings are under way concerning the proposed Tyumen project, no final decisions are likely to be made in the immediate future and these decisions will be complicated by political considerations. Even under the best of conditions, oil deliveries from Siberia could not begin until at least 1977.



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on the ability to pay. Fianna Fail candidates have attacked this program as irresponsible, but they sound uncomfortable and defensive and have not been able to offer an attractive proposal of their own.

The coalition is also scoring heavily with its charge that the government deliberately called the election for a date before the new law enfranchising those in the 18 to 20 age bracket goes into effect. Irish courts have rejected a test case on this issue, but the surrounding publicity has clearly hurt the Fianna Fail.

The opposition coalition is fielding many strong candidates who could win local contests against colorless Fianna Fail opponents. The opposition could also profit in those few districts where ultra-nationalist candidates are expected to run well. These extremists promise to draw off the votes of many of the Fianna Fail's tradition-minded supporters, and under Ireland's complex system of proportional representation, very small vote shifts in a few critical districts could have major consequences at the national level. Many voters seem convinced that the opposition offers a credible alternative to the Lynch government. Furthermore, there is a perceptible feeling in Ireland that it is time for a change—a psychological factor not to be underestimated in a nation ruled by the Fianna Fail for all but six of the last 36 years.

IRELAND: TIME FOR A CHANGE?

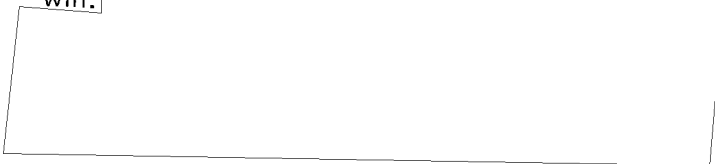
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[With elections less than a week away, the ruling Fianna Fail's campaign still has not caught fire, and the opposition Fine Gael - Labor Party coalition is showing unexpected strength. The opposition is outstripping the Fianna Fail on almost all issues, and has been especially effective in exploiting those social and economic problems on which Prime Minister Jack Lynch's government is most vulnerable.

Last year, for example, unemployment in Ireland averaged between 7-8 percent and the cost of living rose about 9 percent. The opposition has been getting a lot of mileage out of the government's inability to cope with either problem. In addition, the opposition is pushing an attractive package of proposals on public housing, old-age pensions, and property taxes that would be financed through a new system of taxation based

Despite the opposition's growing optimism, the Fianna Fail remains a formidable force that will not be easily dislodged from power. Its chief asset is Lynch's widespread popularity. He is campaigning hard in key districts, but it is difficult to measure the length of his coattails. The prime minister is a resourceful politician, and he may yet be able to shift the Fianna Fail out of its defensive posture and secure a working majority in the Dail.

Irish media are no longer touting Lynch as a shoo-in, and Dublin bookmakers are making Fianna Fail no better than an even-money bet to win.



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SECRET**INTERNATIONAL MONETARY DEVELOPMENTS**

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 The dollar weakened somewhat in Europe on 22 February, ending a week of generally renewed strength in most markets. At the close of trading yesterday, the mark had appreciated about 10 percent relative to its old dollar central rate after three days at or near its floor. An almost 18-percent appreciation against the dollar in Switzerland is the most of any currency to date. Only in Tokyo, where the yen had appreciated about 16 percent by the close of trading, did the dollar remain essentially unchanged. The sudden weakening of the dollar is due to continued uncertainty in world currency markets, reflected in a sudden surge in the price of gold.

Gold, which had appreciated about 7 percent on the free market in the week following the dollar's devaluation, suddenly rose even more sharply beginning on 20 February. By Thursday, the price was over \$90 an ounce in London, an appreciation of 31 percent from the pre-devaluation level; profit-taking by speculators forced the price down to \$86.50 at the end of the trading day. The record price reflects strong speculator demand from Middle Eastern and Far Eastern interests.

Outside Japan and Switzerland, there have been no foreign central bank purchases in support of the dollar since the new currency arrangements. In fact, the Bundesbank reportedly has had to sell about \$1 billion because the mark was at its floor against the dollar. It was the first dollar sale by the Bundesbank since last summer and the first to support the mark since 1969. These sales reflect in part a divesting of speculative mark holdings from roughly \$6 billion taken before the dollar's devaluation.

In Japan, the political debate over the yen float is sharp. Prime Minister Tanaka had to apologize to the Diet and accept full responsibility for the float in order to end an opposition boycott that had held up debate on the new budget. The Japanese are anxious to repeg the yen, but there is no indication that the float will be ended soon. Meanwhile, Tanaka has directed his administration to formulate plans to soften

the impact of the yen revaluation on consumers and small firms.

The other major currencies now floating are also unlikely to be repegged in the near future. Switzerland announced this week that it will again support the dollar to keep its floating franc from appreciating substantially above the present market rate. A government spokesman described the plan as a halfway measure between a free float and a repegging of the franc. On Wednesday, the Swiss National Bank purchased \$250 million in support of the dollar in the form of contracts to buy dollars in the future. The Canadian finance minister told Parliament that Ottawa would continue its float, with the central bank intervening only to maintain an "orderly market." Rome and London apparently will also keep their currencies floating.

The continuing, generally favorable reaction to the dollar devaluation probably reflects, in part, a belief that it will have relatively little impact on any country's balance of payments except that of the US. Even most Japanese industrialists feel confident that they can maintain 25X1 their export position. Higher dollar export prices will mean continued large trade surpluses for both West Germany and Japan in 1973. []

MALTA: MINTOFF MELTS

37 [Prime Minister Mintoff has agreed, after all, to accept the first quarter base rental payment from London, thus easing tension and postponing another confrontation, at least for several weeks. He will also take the special payments the NATO allies have offered as compensation for Maltese losses caused by the sterling float last June, on the proviso that such payments are continued in subsequent years.]

39 [In contrast to his threats three weeks ago to evict British troops from Malta unless his terms

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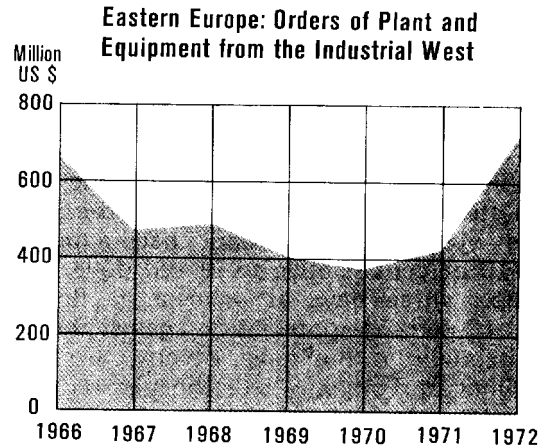
were met, Mintoff's note of 14 February was quite restrained. He indicated that negotiations should go on and did not repeat his demand that they be held at a ministerial level. Mintoff did tell the British that he still expects them to discuss minor bilateral issues affecting the agreement and to consider Maltese suggestions for other ways to make up for Maltese losses resulting from the sterling float. Subsequently, in a note that Mintoff may consider provocative, British Prime Minister Heath reiterated that London will not consider any proposals implying that Malta will receive compensation for the sterling float losses. Mintoff's reaction to this latest communication is not yet known.

44 [The NATO allies have not yet formally told Mintoff that the special payments will continue after 1973. In an earlier conversation with Mintoff, the US ambassador had indicated that, if the base agreement continued in force and if the international financial situation so warranted, the allies would consider such a proposal sympathetically. Mintoff would prefer to receive the special payments in national currencies rather than in sterling.]

42 [The recent international monetary crisis may have been a factor prompting Mintoff to accept the base rent and special payments at this time. The special payments are designed to compensate Malta for the difference between the exchange rate of the pound in March 1972, when the base agreement was signed, and the rate on the day the pounds are actually acquired. Appreciation of the pound resulting from the current devaluation of the dollar, could mean that the US special payment would be reduced or even eliminated. The US intends to make special payments covering the first nine months of this year, eliminating any immediate confrontation with Malta over this issue.]

EAST EUROPEANS BUY IN THE WEST

44 [Last year the East European Communist countries, excluding Yugoslavia, ordered a record \$725 million worth of plant and equipment from the industrial West—a 70-percent increase over the



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previous year. Poland replaced Romania as the leading purchaser of Western equipment. Orders from Warsaw increased threefold over 1971 to almost \$400 million, a record for an East European country in a single year. About half of Poland's purchases were for chemical, electronic, and consumer-related equipment.]

43 [Czechoslovakia led all other East European countries, largely because of chemical equipment purchases worth \$135 million. Orders from Hungary dropped sharply as Budapest cut spending for Western equipment to curtail hard-currency outlays. Romania, despite its heavy indebtedness to the West, continued to contract for substantial amounts of Western equipment.]

43 [After several years of aggressive salesmanship in Eastern Europe, Japan apparently became the largest non-Communist supplier. Japanese businessmen, who received about 20 percent of all orders, edged out the previous major suppliers—West Germany and the UK. The US share of orders jumped sharply from practically nothing to about 10 percent of the total.]

43 [So far this year, Eastern European countries already have placed about \$50 million worth of orders in the West and additional large purchases are likely. The Polish minister of heavy industry will visit the US soon with a shopping list reportedly valued at \$100 million for machinery and equipment to modernize Warsaw's non-ferrous metal industry.]

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ARAB STATES - ISRAEL: INTRACTABLE RIVALS

The shutdown of a Libyan airliner by the Israelis and an Israeli raid on fedayeen installations in Lebanon, coming in the midst of a new flurry of diplomatic activity on the Middle East, have focused new attention on the problem but complicated the search for a solution.

[On 21 February, Israeli fighter planes shot down a Libyan civil airliner, which had strayed off course into the Sinai, with the loss of at least 92 of the 113 persons aboard. The incident came a day after an Israeli seaborne commando attack against fedayeen bases in northern Lebanon. Both events served to underscore the basic hostility and mutual suspicion of the disputants in the Middle East, and to point up the difficulties of finding common ground to begin serious peace efforts.]

The Israelis expressed their regrets at the loss of life in the aircraft incident, but were quick to defend their actions as commensurate with international rules regarding aircraft flying in militarily sensitive areas. Although the Arabs will appeal to international opinion, direct retaliation is likely to be minimal. The Libyan reaction could be severe, and since Tripoli cannot reach Israel, the target could include US properties in Libya. A small group of Libyans demonstrated outside the American Embassy in Tripoli on 22 February.]

Before these unfortunate events, Cairo had launched a diplomatic offensive in an attempt to generate renewed efforts by the powers to break the Middle East deadlock. Following a visit to Moscow in early February, President Sadat's adviser for national security affairs, Hafiz Ismail, opened official talks in London on 19 February. Discussions in Washington are to begin on the 23rd. He may go to Paris in March.]

Egyptian diplomatic probes are being made in a number of other countries, but the five permanent members of the UN Security Council are receiving most of Cairo's attention. Following a series of talks with ambassadors in Cairo last weekend, Foreign Minister Zayyat is apparently planning to visit Moscow and Peking.]

[UN efforts to break the Middle East deadlock have long been stalled, and the Sadat regime is looking for ways to stimulate progress toward a solution. Sadat still considers that the US is his main hope for a more flexible Israeli position, and his current offensive is partly designed to bring pressure on the US and Israel for some movement. Ismail's projected visit to Washington is important to Cairo in light of King Husayn's recent talks in the US and the coming US discussions with Israeli Prime Minister Golda Meir.]

Meanwhile, Egyptian students, whose unhappiness stems in part from the continued stalemate with Israel, brought their recent spate of protests to an end on 16 February.

[Redacted]

Legislative committees are being established to hear student grievances, a move that apparently helped to calm the situation. Many students remain under arrest, but some have been released with more to follow. The fate of those eventually prosecuted could have a bearing on whether there will be renewed student disorders.

Ismail's visit to Washington just prior to Mrs. Meir's arrival on 26 February has heightened Israeli suspicions that the big powers, particularly the US and USSR, may have some new peace effort in mind. The Israeli reaction, as indicated so far in its domestic press, is one of "keeping its cool" while trying to find out what is going on backstage.

[Redacted]

Mrs. Meir will reiterate Tel Aviv's standard line that it stands ready to talk peace but that there has been no real change in the Arab position.

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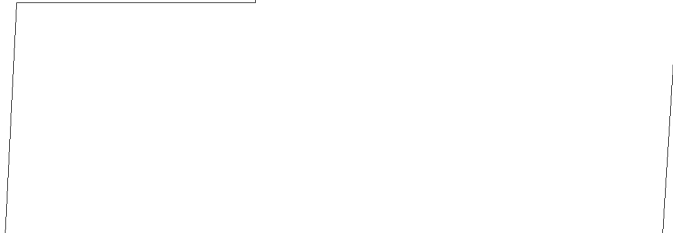
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LIBYA: ARMS FROM THE UK

The delivery of a new British frigate to Libya earlier this month is the latest development in an "on-again, off-again" military supply relationship. Before the overthrow of the monarchy in 1969, Libya relied heavily on the UK for equipment and training for its fledgling ground and naval forces. After the coup, relations were strained, first by the ouster of the UK from its two bases, and more recently by the nationalization of the British Petroleum Company's assets in Libya.



The largest arms contract between the two was signed in 1968. It called for a complete air defense missile system worth \$240 million. An \$80 million down payment was made and work was begun. Following the coup, Libya re-evaluated its defense needs and decided that an elaborate air defense system was unnecessary and undesirable, largely because it would require the presence in Libya of a large number of British technicians. During months of fruitless negotiation, another major contract ran aground. In 1969, Tripoli had made an advance payment of \$22 million for some 200 Chieftain tanks and other equipment



The Libyan Navy has had more success in acquiring British equipment. The \$17-million Mark-7 frigate contracted for in 1968 was specifically designed for Libya and will serve as the navy's flagship. The 1,500-ton ship is equipped with surface-to-surface and surface-to-air missiles, and has an anti-submarine capability. It is generally comparable to a destroyer escort in the US Navy. Tripoli also has received two British motor

gunboats since the coup and is believed to have several more patrol craft on order.

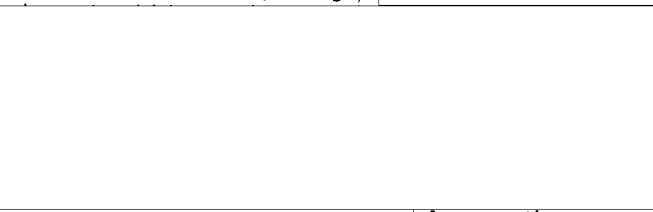
Libya is reluctant to depend on any one supplier and has diversified its weapons inventory. Its tanks are now primarily of Soviet and Czech origin as is most of the newly acquired ground forces equipment. Tripoli also has committed itself to a French Mirage jet fighter force. Italy last year sold Libya \$20 million worth of armored personnel carriers, helicopters, and artillery, and may sell Tripoli \$100 million worth of additional equipment. Finally, Egypt has become the primary source of military training for the Libyan armed forces and Cairo may be providing Libya with a surface-to-air missile system.

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JORDAN: FEDAYEEN LOSE ANOTHER

The arrest in Jordan on 9 February of some 17 Black September operatives is one more blow to sagging fedayeen prestige.

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Among those arrested was "Abud Daud," the leader of the group. Abud Daud is said to be the Black September official who planned the Munich massacre.

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Fatah officials in Beirut acknowledged that "some commandos" had been arrested in Jordan, but denied any attempt against the Jordanian Government, stating that those arrested were getting ready for operations in Israeli-held territory. The Jordanians presented Abud Daud on radio and television where he "admitted" that the operation was aimed against the Jordanian Government and was designed "to prove our existence."

Last fall, King Husayn chose to commute the sentences of those involved in another anti-Jordanian operation. This time, the government seems likely to execute those captured in order to discourage further attempts.

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CYPRUS: MAKARIOS' PLANS

Having been returned for another five-year term as president, Archbishop Makarios will set out his strategy for the months ahead in a short speech following his official investiture on 28 February. Two other events next week will help set the tone—the resumption of the intercommunal talks and the semi-annual rotation of the Turkish Army contingent.

The talks between the Greek and Turkish Cypriot communities will resume on 26 February. The present phase centers on straightening out basic differences under the constitution between the Greek Cypriot and Turkish Cypriot communities. The former want a strong national character to the government, the latter insist on a great measure of local—i.e., Turkish Cypriot—autonomy.

Painful compromises will be necessary if agreement is eventually to emerge, and Makarios is generally viewed as the only man who could induce the Greek Cypriot community to accept them. On the other hand, Makarios has not committed himself to specific negotiating positions. If he is inflexible in the pursuit of some long-standing goals—such as the removal of the mainland Turkish and Greek contingents or the elimination of militia units officered by mainland Greeks and Turks—the talks could go badly.

To be certain of maintaining Greek Cypriot backing during this phase in the talks, Makarios is attempting to work out a temporary truce with General Grivas, the diehard advocate of union with Greece (enosis), whose forces carried out terrorist activities in the election campaign to embarrass Makarios. Makarios is also trying to pull together his divided supporters in the political center and get them squarely behind him. In so doing, he may move somewhat away from his leftist supporters, but he will be careful not to alienate his Communist backers who make up about 30 percent of the Greek Cypriot population.

The Turkish Cypriots are not likely to take much comfort in any bargains between Makarios and Grivas. The Turkish Cypriots will not be content until Grivas is firmly contained and they are guaranteed protection against attempts at enosis. If enosis were to be precluded by any intercommunal agreement, Grivas could be expected to cause serious trouble.

Makarios is aware of all these pitfalls and his ploys seem aimed more at gaining time than anything else. He will probably be content in the immediate future to seek or to appear to seek some movement in the intercommunal talks—in itself a major undertaking.

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GREECE: STUDENT UNREST (74 + 75)

As of 22 February, embarrassed Greek officials are trying to placate student dissenters who clashed with police last week. Students have been striving to get action on much-needed academic reforms through a series of boycotts during the last few months. Their actions became serious after the government issued a decree stipulating that those who went on cutting classes would lose their military deferments. Government officials maintain that student unrest is being provoked by a few anarchists supported by the outlawed Greek Communist Party.

In any event, the skirmishes with police resulted in many injuries and the detention of 11 students who were tried on 17 February for "hooliganism." By the time of the trial, sentiment against the regime's tough tactics had reached such proportions that the government extended an olive branch. The students were given suspended sentences, and Greek officials promised not to induct any more students into the military if they would return to classes. The students are happy to have won this round, but they probably will not be content until the government agrees to address itself to all of their grievances.

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EAST AFRICA: DISTRESS SIGNALS

Kenyan President Jomo Kenyatta believes the unsettled situation in Uganda threatens stability in the rest of East Africa. Indeed, he is so concerned with the Ugandan threat that for the first time since Amin took power two years ago, Kenyatta has met with Tanzania's President Nyerere to develop a common approach to Uganda. He has also again raised with US and Canadian officials his alarm about Uganda's growing cooperation with Somalia and the Soviet role in both countries.

[Redacted]

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Kenyatta and Nyerere met in Kenya on 17 February, but no communique was issued on their hastily arranged talks. Uganda's foreign minister, although in Kenya, did not attend the talks, according to the Tanzanian foreign minister, and the Tanzanian press played down the meeting as a normal exchange between the heads of two nations in the East African Community. Kenyatta and Nyerere have reason to be concerned about the community to which they belong, along with Amin. Joint rail, electric, and other public services—and the safety of community personnel—are threatened by the security situation in Uganda. Many of the Kenyans who disappeared in Uganda, for example, were employees of the community's railroad. The two leaders may have discussed other problems like the roughly 850 Ugandan exiles still in Tanzania. Kenyatta almost certainly stressed the need to move cautiously and may even have tried to get Nyerere to agree to meet with Amin; Nyerere has steadfastly refused to do so. However, any moves by either of the two presidents or by Amin to repair their relationships could well be nipped in the bud by further incidents staged by the extremists in Uganda.

Since 31 January, at least 16 Kenyan citizens, and perhaps as many as 48, have disappeared in Uganda, while others have fled for their lives.

[Redacted]

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Capitalizing on the disappearances, unidentified propagandists—[Redacted] have been stirring up trouble in Kenyan tribal politics. President Amin exercises little control over these extremists.

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Amin, evidently aware that things needed straightening out, sent his foreign minister to Nairobi last week with a letter assuring Kenyatta that Kenyans were safe in Uganda. Amin not only failed to explain why the Kenyans were missing but also criticized the Kenyan press and presented Kenyatta with a list of Ugandans he wants extradited. Kenyatta said he would try to restrain the press and gave the foreign minister the names of 16 missing Kenyans he wants to know about.

In Uganda, meanwhile, President Amin appears less and less in control of events. He recently voiced fears that an attempt will be made on his life and seems unable or unwilling to stem rising violence. Warnings to Ugandans not to harbor guerrillas were backed on 10 February by a dozen public executions. These appear to have damaged his standing with ordinary citizens.

[Redacted]

To ensure calm in Kenya, he has ordered government officials to refrain from making any allegations, and on 16 February he banned all public gatherings in the area of Nairobi.

[Redacted]

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On 18-19 February, Amin tried to reassure his frightened judiciary. Similarly, he tried to reassure Kenyans and others of their safety. Then, however, almost as if to undermine these assurances, new charges of aiding anti-Amin guerrillas were levelled by the Kampala press—not by Amin—at Tanzania, Zaire and Zambia.

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CUBA: HIJACKING PACTS

Both in government statements and in the media, Cuba is carefully avoiding any implication that its anti-hijacking agreement with the US could be interpreted as an indication of interest in closer Cuban-US relations in any other field. Although the government statement was fairly straightforward, it did allude specifically to an earlier statement which stated, "Although the US Government continues its policy of aggression and blockade against Cuba, our consideration toward the US people and the international community prompts us to assume a constructive position on this problem."

Extensive coverage by Cuban television, press, and radio portrays the agreement as a victory for Cuba, with the clear implication that Castro made no concessions to the US.

There were two notable differences in Cuba's handling of the treaty with the US and the one with Canada, also signed last week. The tone of the prefatory statement on the Canadian pact was predictably warmer in its description of Cuban-Canadian relations, and the US agreement contained a unique provision that will cover exile raids planned or launched from the US against Cuban territory.

Cuba and Mexico are now in the final stages of negotiating a hijacking treaty. Cuba's preference for bilateral agreements is typical of Castro's aversion to multilateral pacts and international organizations. In addition, he feels that engaging in separate negotiations with individual nations will further his over-all goal of expanding Cuba's ties with other nations in the hemisphere. ()

Hijacked Southern Airways DC-9 which made an emergency landing in Cuba, leading to the hijacking negotiations.

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ARGENTINA: A NERVOUS PERIOD

Maneuvering is intensifying as the election campaign enters its final weeks. The Peronists are in the driver's seat for the first round on 11 March, but the other candidates have not given up hope of blocking a Peronist victory. In the background is still the possibility that terrorists will provide President Lanusse with a suitable pretext for postponing the election.

Hector Campora appears to have been successful in smoothing over the divisions within the Peronist movement, despite his poor start, and now seems on the verge of getting a bandwagon going. The government's attempt to block him by formally charging him with incitement to violence and by barring Peron from returning to aid in the campaign has backfired. Campora has played the role of martyr and underdog for all it is worth and has even elicited statements of support for some aspects of his battle with the government from the other major candidates.



Manrique
Worrying



Campora
Campaigning

Campora's strong anti-government stance appears to appeal to the large block of youth who will be voting for the first time next month. He has asserted his control over the Peronist movement, and those who spoke out against his candidacy have been brought back in line. Labor leaders who thought Campora's nomination to be little more than a bad Peron joke on the armed forces now sense victory and have thrown their full support to Campora.

The Radical Civic Union, Argentina's second largest party, which is currently headed by its presidential candidate Ricardo Balbin, concedes that Campora will lead on the first ballot, but still believes that the radicals will be close enough in the first round to head off a Peronist victory in the runoff by uniting all the anti-Peronist forces.

Francisco Manrique, the other leading contender, is also trying to maneuver himself into an advantageous position for the runoff. Manrique, a former welfare minister under President Lanusse, hopes to persuade the other three candidates of the center-right to step down in his favor. If Lanusse can overcome his resentment of Manrique and approve the withdrawal of General Martinez, Manrique's hopes for a bandwagon of

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his own in the final days of the campaign might have some substance. He apparently has lined up the support of some provincial neo-Peronists and, if he can add the support of three other candidates, he has a good chance of gaining at least the 15 percent of the vote that would permit him to join in a coalition with one of the two front-runners and participate in the runoff.)

All of the candidates are aware that there is an undercurrent of opinion within the army that the election should be called off. They believe, however, that the process has gone too far for Lanusse to back out now and are aware that the majority in the military remains committed to the election. The Peronists are wary and recently published a report that opposition factions of the military were preparing to stage a terrorist incident that could be blamed on the Peronists and used as a pretext for canceling the election. The military is especially nervous about political violence since the raid on a Cordoba army installation last week in which some 40 Trotskyists made off with the largest haul of arms and ammunition ever taken by a terrorist group. A few more terrorist incidents like that and the military could indeed reconsider its commitment to the election. On the other hand the violence might well spread if the election were called off and this thought could see the military through this period of last-minute jitters.

CHILE: COUNTDOWN TO ELECTIONS

The campaign for the congressional election on 4 March is a curious mixture of the old and new in Chilean politics, and the result is likely to reflect both aspects.)

President Allende's extensive socialization of economic life has exacerbated political differences and polarized most Chileans into two camps—for or against his government. The unprecedented consolidation into only two slates of candidates for the entire Chamber of Deputies and half the Senate makes it especially difficult to

predict the outcome of the elections, which are being held under virtually unchanged and very complicated ground rules. To further confound political soothsayers, the electorate is some 40 percent larger than it was in the most recent legislative elections in 1969, with a substantial part of the increase being newly enfranchised illiterates and the 18 to 21 age group.)

A large percentage of the new voters come from the economic group that has benefited most from the administration's redistribution of income and other largesse. In addition, such contending factions among Allende's supporters as the methodical Communists and the violence-prone *miristas* have made all-out efforts to register sympathizers. Although the campaigns of most of his coalition parties are indifferent enough to irritate Allende, the Communists are doing their usual diligent job and believe that government candidates may get 42 percent or more of the vote.)

The opposition parties' success in uniting, albeit uneasily, improves their chances of retaining a majority in the Senate and of enlarging their majority in the Chamber. They are unlikely, however, to capture a two-thirds majority in the Senate, the margin necessary to impeach the President. Allende harps on this as the opposition's goal, probably less in expectation of its happening than as ground for being able to say it failed. His opponents can probably parlay widespread discontent over consumer shortages and government inability to deal with them into a substantial majority vote, however, and are touting the elections as a plebiscite on the Allende program.)

Another major imponderable in this election is the political role of the Chilean armed forces. There is much speculation as to whether General Prats, the army chief, and the other service commanders will quietly withdraw from their cabinet and other important government posts when the military commitment to ensure honest, orderly elections is discharged. Although their reason for staying would surely be given as continued unrest, continued military support at the present level would be an advantage to Allende, whatever the electoral vote.

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Dominican Republic
THREE DOWN, FIVE TO GO

The government moved last weekend to strengthen its security measures following an official announcement that its troops had killed ex-colonel Francisco Caamano Deno and two other members of the small guerrilla force that landed in the country in early February.

The government's moves probably reflected some nervousness about public reactions to the announcement of the death of Caamano, a leader of the revolt in 1965. Such fears proved unfounded; in part, perhaps, because of skepticism that the government claim was true. Tensions seem to have relaxed perceptibly, and an air of normalcy has begun to return to Santo Domingo.

105 There is, in fact, a good deal of evidence suggesting that Caamano was leading the guerrillas and that he was killed on 16 February, but the evidence is not conclusive and many inconsistencies in various accounts of the affair have yet to be ironed out.

106 that Caamano and another of the three guerrillas were taken alive, interrogated by the secretary of state of the armed forces and the chief of staff of the army, then executed, cremated, and buried. Caamano is alleged to have claimed that his original intention was to avoid discovery, lie low, and recruit supporters. He also is said to have admitted he failed to receive the local support

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required to carry out his mission. No confirmation of the government's claim of Cuban support was reported. An announcement by Radio Havana on 20 February countered the government's identification of one of the dead guerrillas. Havana asserted that he was alive and well and had been in Cuba for five years. The dead man was later identified correctly, but the government's failure to check its facts in this case cannot but add to the suspicion surrounding its other claims.

The guerrilla escapade may well drag on for some time. Assuming there were eight to begin with, five remain at large and may be able to evade government troops for a while longer. To all intents and purposes, however, what appears to have been a bizarre and foolhardy effort by a small band has utterly failed. The story of what happened may never be fully clear, but the domestic repercussions will be significant and long-lasting.

Although the government is and presumably will remain in full control of the situation, the left will try to make a national hero out of Caamano. It is unlikely to succeed. The events of the past three weeks have clearly shown that the left is thoroughly disorganized and unable to exploit favorable opportunities for opposition to the government, let alone provide effective support to guerrilla fighters. The government has demonstrated significant weakness in not being able to deal quickly and efficiently with a small band of invaders, regardless of the weather conditions and other inhibiting factors.

[Redacted]

ECUADOR: A SOLDIER'S YEAR

President Rodriguez on the first anniversary of his military government offered a review of the year that shows how little his "revolutionary" plans have changed Ecuador. The Rodriguez administration, like the one it ousted, is essentially middle-of-the-road both politically and economically.

[Redacted]

The only significant policy changes made by the new government have concerned fishing and petroleum. Even in these fields, rivalries within his administration and problems caused by inexperienced officials have plagued Rodriguez, and he now appears to be returning to the essentials of the fishing and petroleum policies that he inherited. In enforcing Ecuador's claim to a 200-mile territorial sea, the president remains adamant only on the question of fishing, but even there he has shown a tentative interest in seeking a compromise solution with private tuna companies, largely US-based.

In dealing with petroleum, Rodriguez now appears to favor moderating the earlier policies that drove away some foreign investors and alarmed others. Minister of Natural Resources Gustavo Jarrin, a naval officer, has been the principal architect of the restrictive and nationalistic policies in both fishing and petroleum. The strength of his stand is illustrative of both the nationalism of the navy and the power wielded by that numerically small service. Other members of the administration have been unable to temper Jarrin's radicalism, and even Rodriguez, an army officer, lacks complete control over this cabinet minister.

The government's prestige has declined steadily over the past year, as its promises turned out to be empty and its internal cohesion failed to materialize. Only in its concerted attack on corruption and its sense of fiscal responsibility has the new administration achieved moderate success. Corruption, although diminishing, is still in evidence, and the fiscal situation is far from encouraging.

Rodriguez is thus learning that good intentions are of little avail without trained and experienced individuals to implement them. The nationalism that infuses the fishing and petroleum questions has sustained the government despite sporadic assaults on business, labor, students, the press, and the courts. Ironically, should Rodriguez manage to reach separate agreements with the fishing and oil companies, he would be removing the major—perhaps the only—real underpinning his regime has.

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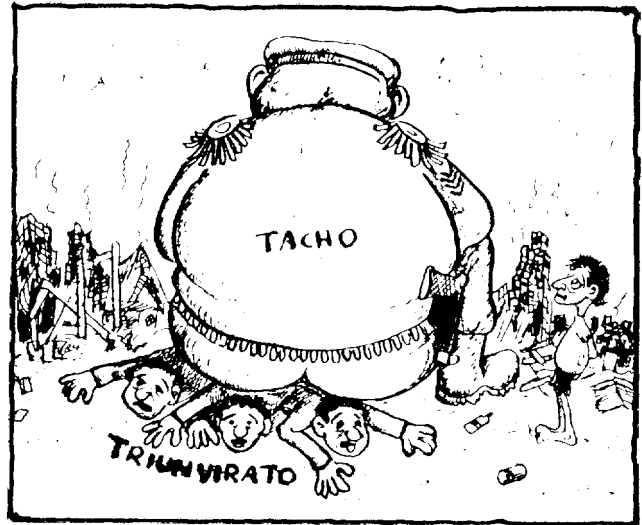
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NICARAGUA: POLITICAL AFTERSHOCK

Nicaraguans are slowly recovering from the earthquake that leveled Managua two months ago, and political discontent is beginning to surface. Much of the discontent, especially among members of the only opposition party represented in the government, is a result of General Somoza's somewhat heavy-handed attempts to streamline government operations and to project his personal control into the reconstruction period. Dissatisfaction expressed by other opposition elements reflects a general lack of confidence in Somoza's ability to guide the reconstruction effort effectively. While the combined opposition is only a disunited minority of the electorate, it is a vocal one, and Somoza will have to pacify it if he is not to face active opposition later.

The Conservative Party is represented in the government and objects to Somoza's continued bypassing of normal channels. Last week party leader Fernando Aguero threatened to resign from the three-man executive council. In the early days of the emergency, the executive council and the legislature—both practically paralyzed by shock—were ignored, and the National Relief Committee headed by General Somoza was, for all practical purposes, the government. As the emergency subsided, the Conservatives attempted to have normal governmental functions restored. Instead, Somoza's Liberal Party majority in the legislature pushed through a bill creating a Ministry of Reconstruction. Conservative resistance to naming the general as minister has kept the new organization in limbo. A second law authorized Somoza and the finance minister to negotiate and sign all reconstruction loans; this was the straw that prompted Aguero's threat to resign.

In addition to Conservative dissatisfaction, there is opposition from dissident members of both parties, from the Social Christians, and from political independents. Disgruntled Liberals are mainly those who have been sidelined to make room in government for increased Conservative participation or those who have been thwarted in their leadership aspirations by Somoza's overwhelming control of the party. Dissident Conservatives oppose their party's participation in the government, considering that the party has be-



"Somoza Initiates His New Work"

(A Costa Rican newspaper pictures General Somoza sitting on the Triumvirate while planning the reconstruction of Managua).

come a "tame opposition." These elements claim that the massive relief assistance is only a prop for the Somoza regime. Social Christians want fundamental social and political change and say they are ready to use violence if necessary. Political independents—mostly professionals and businessmen who neither support nor oppose the government as long as their affairs prosper—have lost heavily and feel the government could do more to help them recover.

Somoza will probably make a strong effort to keep Aguero from resigning, since a Conservative walk-out would damage the favorable image he has projected and shatter the fragile constitutional facade of the coalition government. He may have to offer the Conservatives new plums in exchange for their continued cooperation and perhaps even back down on one or both of the objectionable laws. A split developing in Conservative ranks, however, may rob Aguero of his leadership position and make Somoza's task easier.

Opposition elements not represented in government present Somoza with a more difficult problem. The dramatic change in the personal and professional fortunes of many of these people has turned them to more outspoken opposition. Somoza's best hope is an effective recovery effort that will return this largely middle-class group to something like their former level of prosperity. If the reconstruction effort stalls or fails, opposition will increase.

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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Japan: The Communist Party Comes of Age

Secret

№ 42

23 February 1973
No. 0358/73A

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日本共産党

JAPAN

the communist party comes of age

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Spectacular gains by the Japan Communist Party in the Diet election last December provided a splash of color in a political rite that was otherwise gray and predictable. When the Diet recessed before the election, the Communist Party was the smallest of the five national parties; when the Diet convened in January, the party was the third largest. The Communists nearly tripled the size of their delegation in the Diet's powerful House of Representatives, from 14 to 39 seats, and won more than 10 percent of the popular vote.

many Japanese distrust the Communists and only voted for the party in December to show their dissatisfaction with the ruling Liberal Democrats.

The newly confident Communists now command more attention in Diet proceedings, and their presence on the strategic House Steering Committee makes it more difficult for the ruling conservatives to pass key legislation. Barring a loss of voter support through irresponsible behavior, the Communists will probably register additional, but more modest, gains in future Diet elections. They pose no immediate threat to the hegemony of the Liberal Democrats in the Lower House, but could contribute to the loss of the conservative majority in the Diet's Upper House in 1974.

This election success, together with the party's ranking as the biggest non-ruling communist party outside Western Europe, is the fruit of a decade-long campaign to mold the party in a moderate image with mass appeal. Nevertheless,

(from left) **Leaders of the Japan Communist Party**
Secretary-General Tetsuzo Fuwa, Central Committee Chairman Sanzo Nosaka, Presidium Chairman Kenji Miyamoto



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Turbulent Beginnings

Marxism first aroused the interest of Japanese intellectuals in the late 19th century, but a communist party was not formally established until the end of World War I, and then it was only a covert organization under the direction of Moscow. In the period up to World War II, the party was ruthlessly suppressed. Its leaders were in jail or exile, and factionalism was endemic as the party faithful were preoccupied with doctrinal wrangling. Moreover, the party's subordination to the Comintern and its demands that the emperor must go alienated it from rising Japanese nationalism.

The party was legalized by the occupation authorities in 1945. In the political freedom of postwar Japan, the Communists blossomed. In 1946, Sanzo Nosaka, a pre-war party leader, returned from exile in China and broke with party usage to call for reliance upon parliamentary democracy. He went so far as to support retention of the emperor if this was the wish of the people. Many of the civil rights, labor, and administrative reforms that Nosaka joined in advocating were implemented during the occupation. This moderate approach, which sought to win broad popular support, paid dividends; the party came to be called "the lovable Japanese communists."

In the 1949 general election, the party won 10 percent of the popular vote and 35 seats in the House of Representatives. A year later, party membership, which had never gone over a thousand persons in the prewar period, reached 150,000. This honeymoon as a party of mass appeal was not without its pitfalls, however, and it was short lived. In January 1950, the Cominform denounced the Japanese Communists for their advocacy of a peaceful transition to socialism and their view of the US occupation as a progressive move.

Nosaka promptly bowed to Moscow's censure and issued a self-criticism, while the party fired new verbal blasts against US policy. Scattered incidents of violence led to the jailing of communist leaders, and the party reverted once

CHRONOLOGY OF THE JAPAN COMMUNIST PARTY

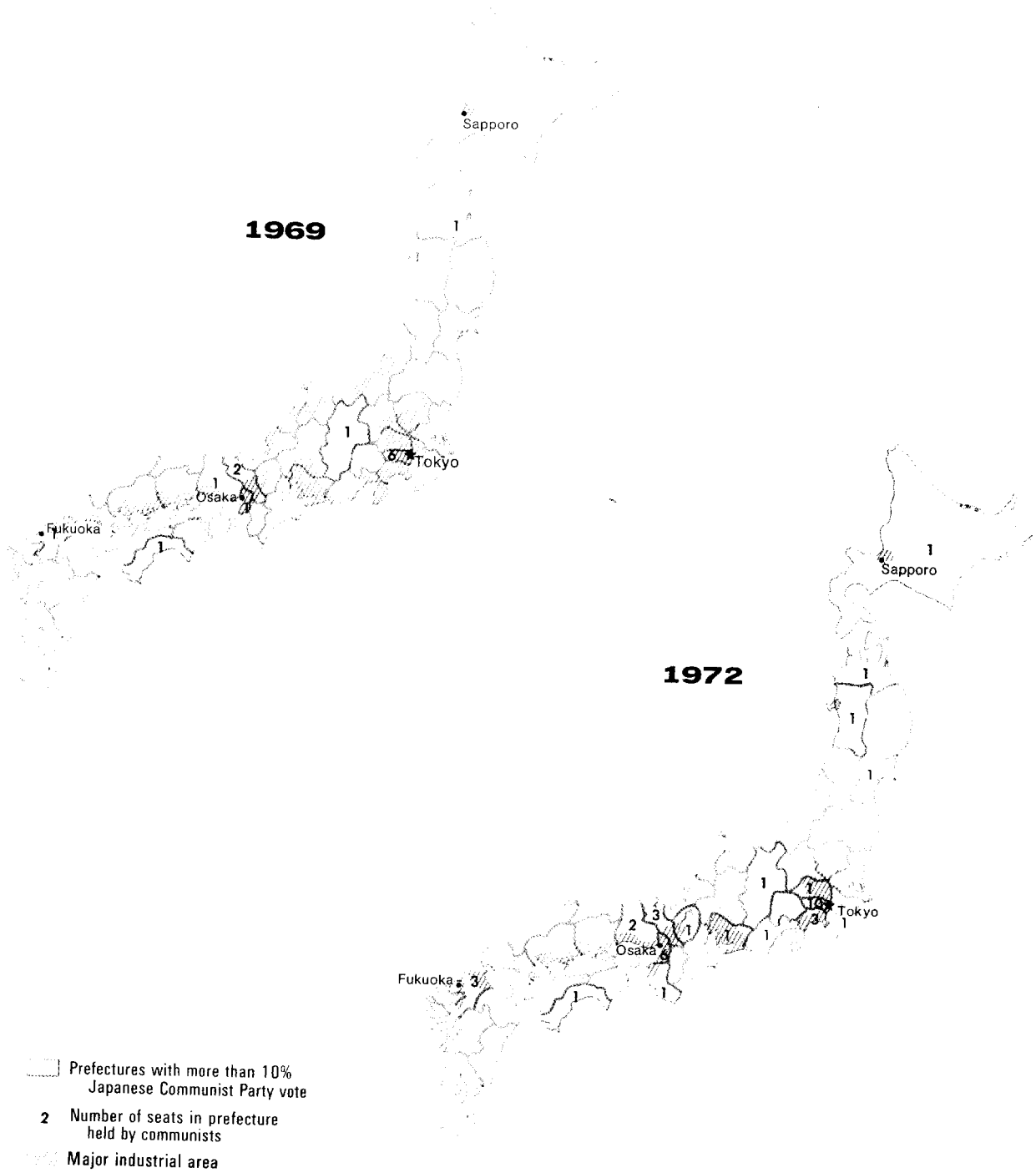
1922	Party founded by small band of intellectuals.
1922-45	Years of illegal existence and control of the party by the Soviet Comintern; repression increased in the late 1930s, forcing leaders into jail, underground, and into exile in China.
1945	Occupation political reforms legalize the Communist Party and release its leaders from detention.
1946	Sanzo Nosaka returns from China and begins to create the image of the "lovable Communist party."
1949	The party wins 35 seats in the House of Representatives.
1950	Denounced by the Comintern for seeking a peaceful transition to socialism, the party turns to revolutionary tactics and its leaders go underground and into exile.
1950-55	Period of strong influence by Peking.
1952	Negative public reaction to the party's revolutionary image causes the loss of all 35 Lower House seats.
1955	Party leaders begin to moderate the image of the party—a movement accelerated under the leadership of Kenji Miyamoto.
1964	Relations with the Communist Party of the Soviet Union are broken and Soviet sympathizers, led by Yoshio Shiga, are expelled from the party.
1966	Relations with the Chinese Communist Party deteriorate and the JCP suffers continuing abuse from Peking.
1969	JCP strength in Lower House increases from 6 to 14 seats.
1971	Miyamoto visits Moscow, Hanoi, Rome, and Bucharest to improve relations and reaffirm party's independence.
1972	Winning more than 10 percent of the popular vote, the party takes 39 seats in the 491-member House of Representatives.

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Japan: Gains in Communist Party Strength



Special Report

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23 February 1973

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again to a covert status. Popular support dropped precipitously as the party became a symbol of extremism, and in the 1952 election, it lost all of its Diet seats. By the end of the decade, the Communists acknowledged the failure of militancy and began to turn the party once again in a more moderate direction.)

Success of the Miyamoto Line

Reorientation of the party was a slow process that only gained momentum in the mid-1960s under the leadership of Kenji Miyamoto, a literary critic and party ideologue who became chairman of the party presidium in 1970. He called for a two-stage revolution in which Japan would first rid itself of American "imperialism"—that is, the security arrangements with the US—and then build a socialist state—nationalizing key industries. All of this was to be accomplished at the polls. Miyamoto systematically changed party practice to eliminate the taint of violence and opened to the press and public all meetings of the party congress save those related to finance and personnel. Today, party influence is pronounced in many youth federations, particularly the Zengakuren university groups, but the party is a bitter enemy of the violence-prone "New Left." The Communists are caustic in their denunciations of the terrorism of the Red Army Faction and the United Red Army, and they have promoted peaceful activities among the young left. In contrast to the Socialists, the Communists did not suffer at the polls from public identification of their party with the excesses of student protest action in the late 1960s.)

Independence from foreign communist party influence has reinforced the moderate image of the Japanese Communists,

The Japanese Communists took advantage of the deepening Sino-Soviet split in the early 1960s to loosen ties with both Moscow and Peking. The Indonesian Communist Party's debacle in 1965 was final proof to the Japanese Communists that they should go their own way.

Amassing Support at the Polls

Working from a base of three seats in the House of Representatives in 1960, the party increased its holdings slightly in both 1963 and 1969. They now have a still modest 39 seats in the 491-member Lower House. In the same period, the party has progressed from one to ten members in the House of Councilors. The Communists are, moreover, partners in over 100 reformist local governments and are the third-ranking party, over-all, in local assembly seats.)

Paralleling these gains, membership has grown to 300,000. These members are well-disciplined, giving the Communist Party organizational strength far superior to that of the Socialists and Liberal Democrats, who command broader support. Modest but steady growth is also occurring in the percentage of the electorate that identifies the Communists as its preferred party. Newspaper polls showed 3.6 percent of those polled chose the party on the eve of the 1972 elections, an increase from the respective 1969 and 1967 levels of 2.4 and 1.5 percent.)

Communist candidates standing for national office are a new breed. They shun ideology in favor of bread-and-butter issues. A large proportion of these office seekers are articulate

Japan Communist Party Results in House of Representative Elections Since 1960

	Percent of Popular Vote	Number of Seats Won
1960	2.9	3
1963	4.0	5
1967	4.8	5
1969	6.8	14
1972	10.5	39

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physicians, lawyers, and educators—models of respectability. They speak out on social and environmental problems and promote a party platform that calls for greater attention to the problems of the common people and less for those of big business. They favor abrogation of US-Japanese security arrangements.⁷

2) The Communists can afford massive public relations campaigns, and this has boosted their fortunes at the polls. Donations from small businesses, the collection of membership fees, and the sale of a party paper whose Sunday circulation approaches 2 million copies, give the Communists working funds well beyond those of the other opposition parties.⁷

Although the Socialists and Democratic Socialists have general control of Japan's two largest labor federations, the Communist Party has infiltrated a number of important unions to the point where these assets can be mobilized at election time.⁷

1) In putting together their victory last December, the Communists drew heavily upon Japan's "floating vote," a growing body of citizens—particularly youth and urban workers—alienated by the inertia of the other political parties.⁷ The Communists were unable to make any significant inroads in the largely conservative agricultural areas, but they did make gains in several mixed urban-rural areas. These were mainly districts slated for industrial development under Prime Minister Tanaka's plans for "remodeling the archipelago"; in these areas, voters reacted against Tanaka's plans, largely out of fear of heavy pollution coming with new industry.⁷

2) The failure of the middle-of-the-road Komeito, Socialist, and Democratic Socialists parties to provide a viable alternative to the ruling party has enhanced the appeal of the outspoken Communists. Still, much of the Japanese electorate suspects Communist motives. Many voters used the party only to express their mounting

JCP Election Advertisement
Models of Respectability

<p>■大企業本位の政治をやめさせ、国民生活優先の政治をつくる共産党 ■財界からただの一円ももらわぬ唯一の清潔な党、共産党 ■日米軍事同盟をなくし、平和・中立の日本をきざぐ共産党 ■不屈の五十年、新しい日本をつくる共産党</p> <p style="text-align: center;">日本共産党</p>	
<p>松本善明 日本共産党第四区候補 まつもと ぜんめい 核心をついた鋭い批判、国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>	<p>津金すけお 日本共産党第三区候補 つぎね すけお 中核を貫き、国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>
<p>金子満広 日本共産党第八区候補 かねこ みつひろ 国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>	<p>土橋一吉 日本共産党第七区候補 としはし かぢよし 国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>
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<p>不破哲三 日本共産党第六区候補 ふわ たくさ 国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>	<p>青柳盛雄 日本共産党第五区候補 あおやなぎ せいゆう 国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>
<p>小林マサ子 日本共産党第十区候補 こばやし まさこ 国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>	<p>中島武敏 日本共産党第九区候補 なかじま たけとし 国民生活優先の政治をつくる共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。心も手も汚さぬ唯一の清潔な党、共産党の代表者。</p>

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dissatisfaction with inflation, inadequate welfare programs, and worsening environmental conditions. Despite the size of the Communist protest vote, many Japanese also recognized that only the ruling party, which has an overwhelming majority in the Lower House, can get things done. As a result, most Communist gains were made at the expense of the moderate Komeito and Democratic Socialists, and, in a few districts, the Communists and Liberal Democrats both increased their Diet strength.

[redacted] could prove an additional embarrassment for the government. During the past several months, the party has waged a quite nasty campaign against Tanaka's financial dealings.

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[redacted]

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A New Role in the Diet

3 Even though the Communists control fewer than 10 percent of the Lower House members, the party's stronger position is subtly altering the way politics is practiced in the Diet. The party is commanding more attention from the media and other political parties, and having topped 21 seats, the party is entitled to introduce non-budgetary legislation and to sit on the directorate of the House Steering Committee.

3 In the past, the Liberal Democrats have relied upon closed-door sessions of the Steering Committee to work out necessary compromises with the opposition parties and to smooth the passage of legislation. The Communists roundly condemn such practices, arguing that government business should be transacted in a "fish bowl."

[redacted]

[redacted] the ruling party may be forced to rely more upon the clout of its majority to manage Diet business.

[redacted]

3 Communist Party willingness to levy personal attacks on Prime Minister Tanaka [redacted]

[redacted]

4 Ironically, at the same time that the Communists are helping to make life more difficult for the ruling party and to crystallize voter protest, their increased strength is making progress toward a unification of the opposition more difficult. The party's relations with the Komeito, Socialists, and Democratic Socialists have deteriorated steadily since last December. The Socialists, in particular, feel that the growing appeal of the Japan Communist Party threatens their status as the most influential opposition party and their control of the country's largest labor federation, Sohyo. Friction between the two parties has been most evident in sessions of the Diet's Steering Committee, where the Communists charge that the Socialists collude with Liberal Democrats. In turn, Socialist leaders bitterly accuse the Communists of engaging in a campaign of lies to block the formation of a united front that could push the conservatives out of office. Although the two parties have long sparred in this way, their dispute is becoming so emotional that it may be difficult to change course.

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5 In the short run, this feuding is causing some Japanese to regard the Communist Party as politically immature. Voters who had looked to the party to vitalize united opposition to the government have been disappointed. Already, the Liberal Democrats have benefited from this disunity with the election of conservative candidates in several local contests that might otherwise have gone to the opposition. One Tokyo lawyer, in a letter to a major Japanese newspaper in early February, may have spoken for many citizens when he warned that popular disdain for opposition party bickering could cut back, rather than increase, the seats of the Communists and Socialists in the next Diet election.

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"Big city dwellers voted for the Socialists and Communists to air their resentment of Liberal Democratic policies that ignore urban problems in favor of big business..."

"Now, however, the squabbling of the two parties is benefiting the conservatives in local elections and creating a deplorable situation in the Diet..."

"If this continues, far from increasing the seats of the Socialists and Communists in the next election, popular disdain may well cut them back."

(Letter to the Editor/*Asahi Shimbun*/ 4 February 1973)

Impact of Future Communist Gains

If current Diet squabbles are short lived and the Communists manage to avoid alienating the electorate with their histrionics, both big ifs, their Diet strength should continue to grow, although the pace of future increases will probably be more modest than that of last December. The Communists are now striving to pick up additional seats from mixed urban-rural areas—having already won seats in nearly every district of their large city strongholds. Japan's multi-member, single-ballot election district system will make another round of spectacular growth difficult to achieve.

Although the Communists cannot increase their strength sufficiently in the near term to threaten the hegemony of the Liberal Democrats in the Lower House, much less bring the party to power, the Communists are likely to exert an influence on the Japanese political scene that goes well beyond their limited numerical strength in the Diet. Their December election gains, while not making any direct inroads on safe conservative seats, shook the Liberal Democrats since the gains highlighted the Japanese voter's dissatisfaction with the government's performance. Unless the Liberal Democrats respond with programs that alleviate urban ills and allay fears of industrial pollution spreading to rural areas, additional Communist gains could contribute to possible loss of a Liberal Democratic majority in the July 1974 elections for the Upper House of the Diet.

The Upper House is not as powerful as the Lower House; it can veto or stall legislation, and a two-thirds majority vote in the Lower House is needed to override such action. The Liberal Democrats do not have a two-thirds majority in the Lower House, and an end to their majority in the Upper House would complicate their control of the legislative process. In that event, the opposition parties are not apt to oppose conservative policies across-the-board, but the Liberal Democrats would be forced into significant ad hoc political compromises to get a voting majority in both chambers.

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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Iran's Military: Dominating the Gulf

Secret

No. 40

23 February 1973
No. 0358/73B

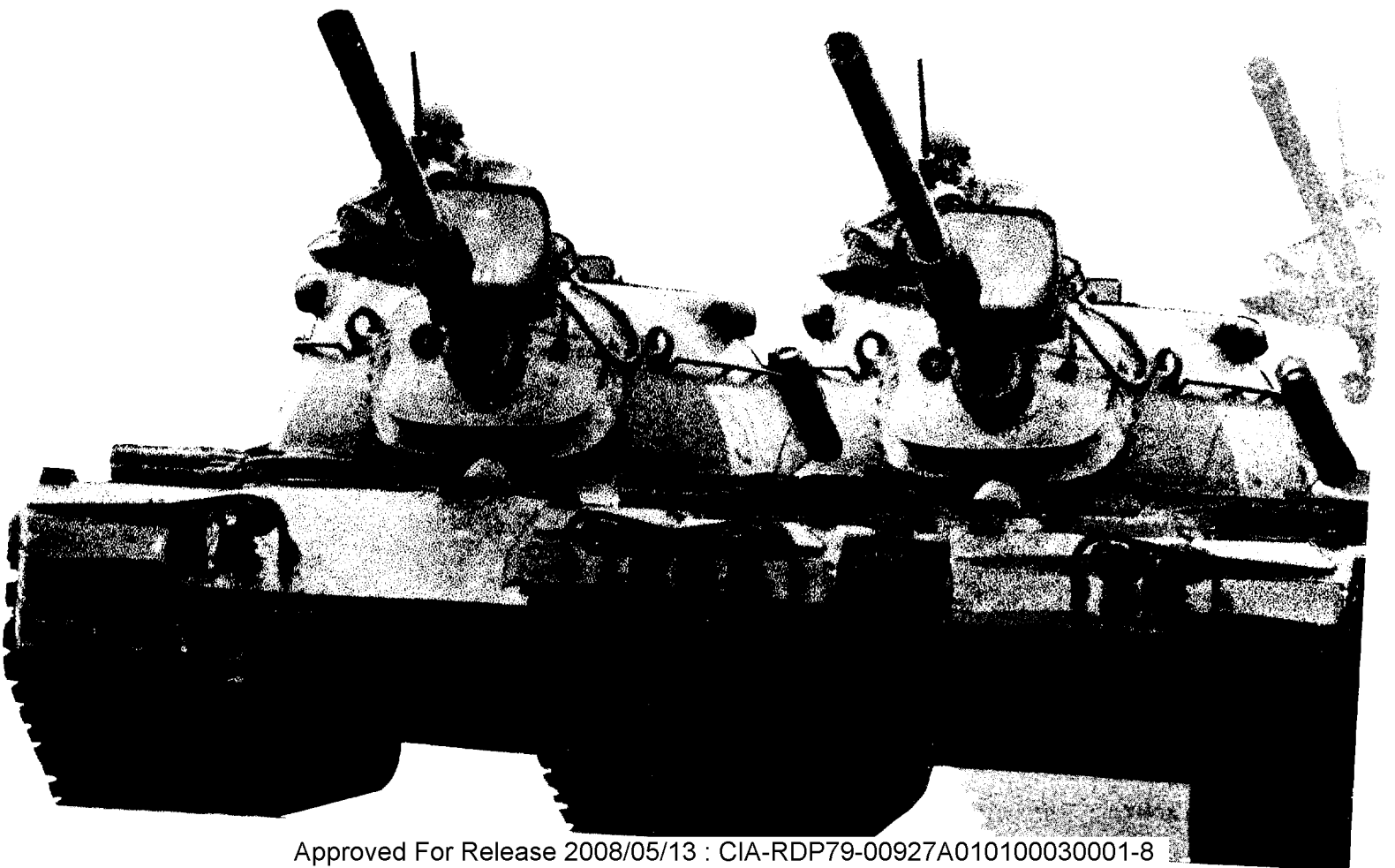
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EDITOR'S NOTE

The first 3 lines on page 3 should read . . . delivered since 1967.
Iran has purchased from the US an additional \$2.5 billion of military equipment which is to be delivered by mid-1977.

IRAN'S MILITARY:

dominating the gulf



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M-60A1 battle tank



British-built chieftain tank

Through an intensive program of modernization and expansion, Iran has emerged as the dominant military power on the shores of the Persian Gulf and one of the best in the Middle East and South Asia. Tehran has the largest and best equipped army, navy, and air force in the Gulf area. It is capable of defeating any of its Gulf neighbors, individually or in combination. The Shah's armed forces will be further strengthened over the next few years as they acquire new weapons and gain greater proficiency in the use of those already received.

Iran's current military dominance has been achieved at some expense to the efficiency of its armed forces. Expansion has spread thin its core of trained professionals, and the Shah's insistence on putting sophisticated equipment into service as soon as it is delivered has resulted in a shortage of skilled personnel needed to maintain and operate this equipment. Iran also finds itself with a serious shortage of trained officers and noncommissioned officers. Until these deficiencies are overcome—and trainable manpower in Iran is scarce—the Shah has requested the US and the UK to provide technical and advisory support to

train its forces in the maintenance and use of its new equipment.

The Shah Buys Arms

In the late 1960s, the Iranian Government embarked upon an ambitious program to modernize and expand its armed forces. At the time, Tehran was concerned about the Soviet build-up of Egyptian, Syrian, and Iraqi military forces. The growing Soviet naval presence in the Indian Ocean added to the government's worries. Iran was also uneasy about the power vacuum that would occur after the British withdrew from the Persian Gulf in the early 1970s, a vacuum the Shah was determined to fill.

Up until this period, the US was virtually the sole supplier of military equipment to Iran. In 1967, as the modernization program got going, the Shah began to diversify his sources of equipment. He concluded agreements with various other Western countries and—as a result of a thaw in relations—with the Soviet Union. Between 1955 and 1973, Iran acquired almost \$2.3 billion of arms, of which some \$1.5 billion has been

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**Anti-Aircraft system Soviet ZSU-23-4****KEY**

delivered since 1967. Right now, Iran is committed to purchase an additional \$1.6 billion of US arms which are to be delivered by 1976. Further purchases of US equipment are expected during this time. Iran also has ordered nearly \$500 million of military equipment from Britain and the Soviet Union. This equipment is also to be delivered over the next several years. This large expenditure of money has given Iran a large, modern, and sophisticated weapons inventory. As a consequence, the Shah's concerns about a military confrontation with hostile Arab states has largely subsided.

The acquisition of such large quantities of sophisticated military equipment and the rapid expansion of the armed forces have left Iran's military with a serious shortage of skilled manpower. Tehran relies almost entirely on conscription to fill its enlisted ranks. Because of the country's generally low level of education, only a small portion of the available manpower is capable of being trained in the operation and maintenance of the new military equipment. To date, the Iranian armed forces have been unable to find sufficient manpower to fill the appropriate tech-

nical positions. The shortage of qualified personnel extends into the volunteer officer and non-commissioned officer corps. Shortages of technical and leadership personnel probably will increase as still more sophisticated equipment is procured. The military has plans—perhaps over-optimistic—to correct these deficiencies through expanded training programs over the next four to five years. In the meantime, the Iranians will remain dependent on technical and advisory assistance from Britain and the US.

Ground Forces

Iran's ground forces currently consist of some 165,000 men organized primarily into three armored and two infantry divisions, three independent infantry brigades, four composite artillery groups, one aviation brigade, and various combat support and service support units. These forces are mainly concentrated along the border with Iraq as a consequence of the frequent friction between Tehran and Baghdad. Another infantry division with responsibility for protecting the Shah is located in Tehran.

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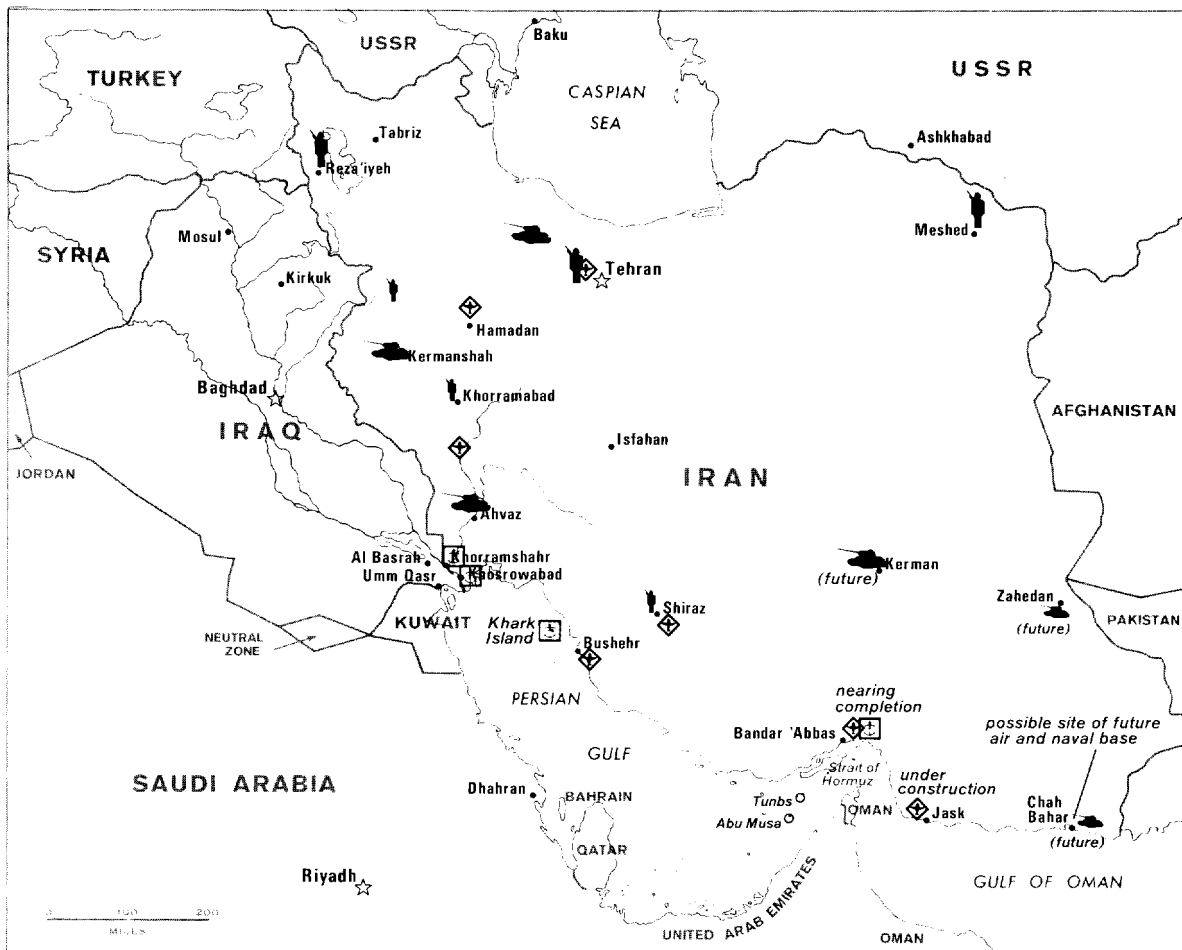
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	Infantry division
	Infantry brigade
	Armor division
	Armor brigade
	Principal base for combat aircraft
	Naval base

Deployment of Iranian Military Forces



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By mid-1977, the ground forces are expected to increase to about 220,000 men. The army plans to fill out existing units and to form one new armored division, two independent armored brigades, and additional aviation and support groups. The new armored formations will be stationed in southeastern Iran, probably to control any separatist movement which may arise in Iranian Baluchistan.

date, the Soviets have supplied some 1,100 armored personnel carriers, with about 250 yet to be delivered, and over 100 130-mm. field guns.



Four reserve infantry divisions are also to be constituted during this time. These divisions are to be maintained in skeletal status in peacetime, with only about 15 percent of a full complement of personnel on active duty, but capable of being mobilized rapidly. Reservists for these divisions are scheduled to undergo training one month each year.

To enhance the mobility and troop-carrying capabilities of the ground forces, Iran has recently contracted with the US for nearly 500 helicopters, including about 200 SeaCobra gunships and almost 290 Bell Huey Plus troop carriers. Negotiations for an additional 130 Bell transport and utility helicopters are under way. Addition of the helicopters to the inventory will significantly increase Iran's capability to airlift troops and equipment. It will take at least five years, however, for Iran to incorporate all of these helicopters into the ground forces and to train sufficient personnel before it will have an air-mobile capability resembling the one the US has now.

Iranian ground-force divisions, when at full strength, consist of three maneuver brigades of three battalions each, and artillery, engineer, and support units. Depending upon their internal organization, the best-equipped armored divisions have slightly over 200 medium tanks and almost 250 armored personnel carriers. Iranian infantry divisions have few tanks and armored personnel carriers at this time.

Air Force and Navy

Not all Iranian ground force units are currently at their full wartime personnel levels. Some divisions lack a full complement of combat and support elements because of reorganizations and the scarcity of trained manpower. Other fully organized divisions have substantial personnel shortages in individual units. Some Iranian armored divisions, for example, are probably at only 70 percent of strength. Shortages in the infantry divisions and other ground force units may be greater. These shortages will be eliminated if and when the force stabilizes in the late 1970s and sufficient personnel have been trained.

The Iranian Air Force currently has almost 50,000 personnel organized into ten combat squadrons, six of which are equipped with F-5 Freedom Fighters and four with F-4 Phantoms. Two of the F-5 squadrons temporarily have only a few aircraft, most having been transferred at US request to the South Vietnamese in late 1972. The total operational fighter inventory is about 145 aircraft.

Within the next three years, the number of fighter squadrons is slated to double. With delivery of late model aircraft, Iran will have eight

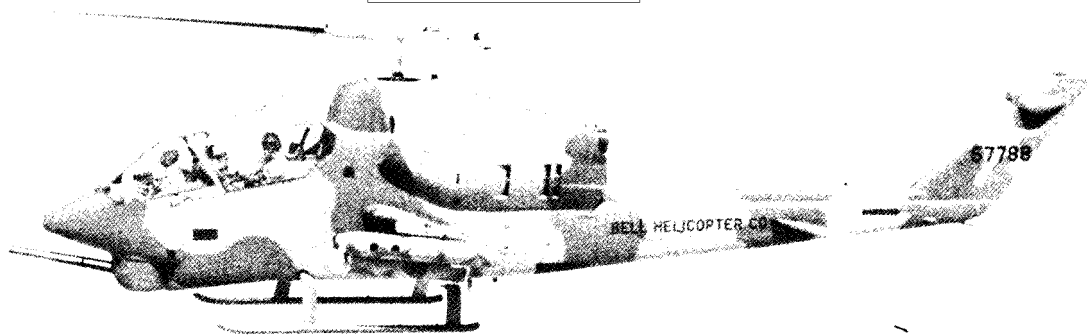
Iran's ground forces are equipped with a variety of weapons obtained from Western sources and from the Soviet Union. The US has provided Iran with some 460 M-60 medium tanks and over 450 armored personnel carriers, while the British have agreed to supply almost 800 Chieftain tanks over the next several years. To

Major Iranian Ground and Air Force Combat Equipment		
Equipment	Currently in Inventory	Planned Through mid-1977
Medium Tanks	925	1,680
Armored Personnel Carriers	1,610	2,750
Supersonic Aircraft	145	400
Helicopters	160	760

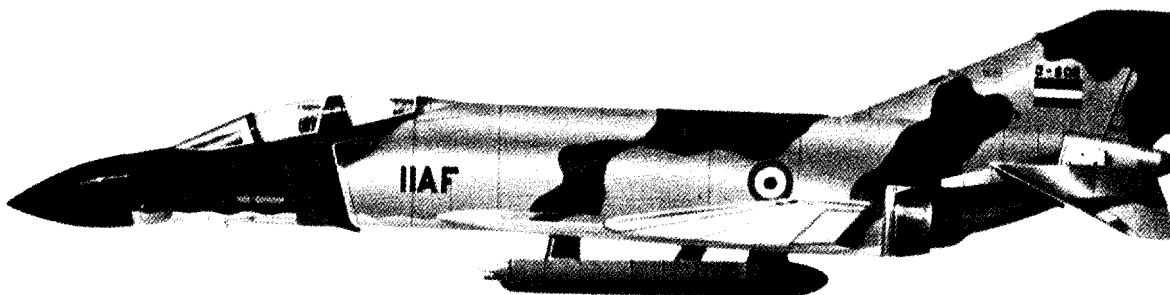
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SeaCobra helicopter



Imperial Iranian Air Force F-4D

squadrons of F-5s and eight to ten of F-4s. The Shah also has expressed interest in obtaining from the US about three squadrons of the F-15, a new air-superiority fighter nearing production. In addition to new combat aircraft, Iran has recently contracted with the US for 6 KC-707 aerial tankers. By 1977, the size of the air force probably will reach some 73,000 men.

The Iranian Navy is the smallest of the three services, having fewer than 12,000 men. By 1977, it is expected to increase to about 21,000 men. Among its principal combatants are a refurbished 2,300-ton destroyer equipped with surface-to-air missiles, and two 1,200-ton frigates recently built by the UK. Two other destroyers will be transferred from US command by the end of 1973, and two additional frigates are on order from the UK. Iran also has received from the British ten hovercraft, eight of which are capable of carrying 30-35 combat-equipped troops at a cruising speed of 50 knots, and two which can transport 120-140 men at 60 knots. Two other 60-knot hovercraft are on order from the UK. The Shah considers that these hovercraft are needed if Iran

is to have a fast-moving, flexible, and effective armed force in the Persian Gulf.

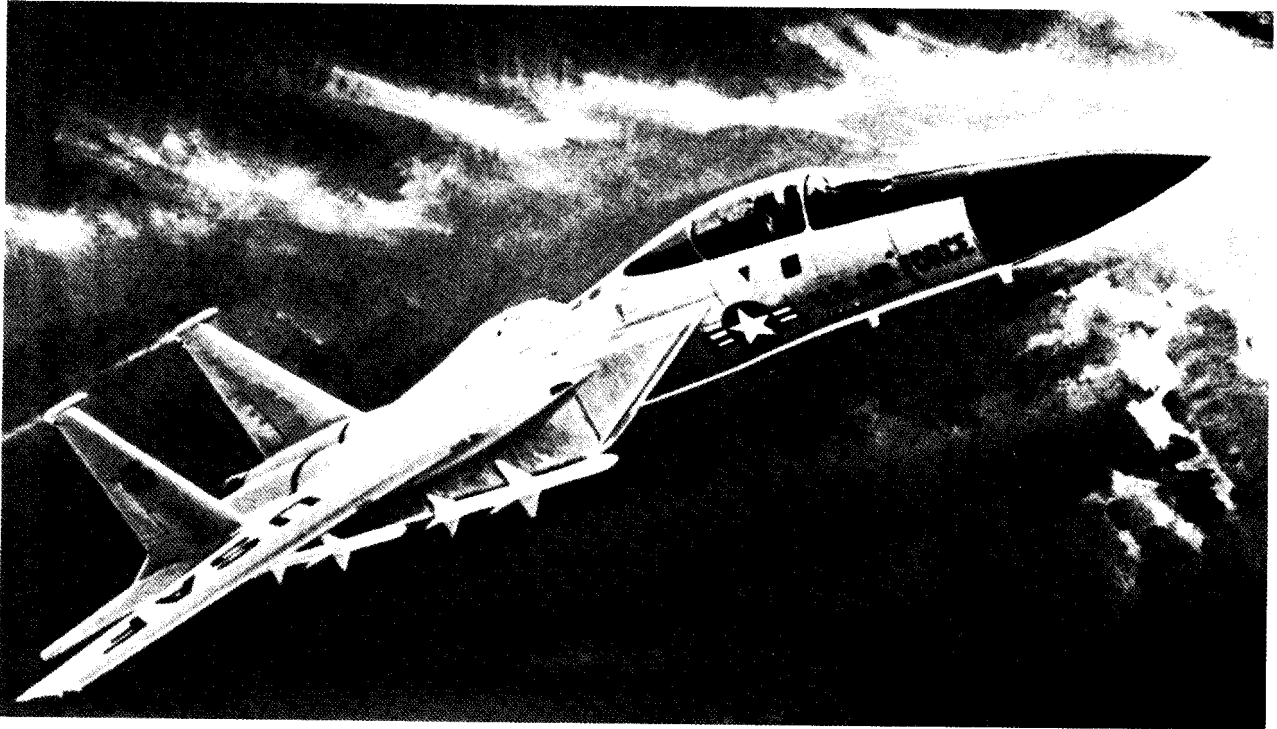
Iran has only limited naval facilities. Hovercraft bases are located at Khark Island and Khosrowabad, from which these craft could be employed most effectively against Iraq. In addition, a new base has been constructed at Bandar Abbas on the Strait of Hormuz. This base, together with the three tiny islands at the mouth of the Persian Gulf seized by Iran late in 1971—Abu Musa and the Big and Little Tunbs—gives Iran control of the Persian Gulf sea lanes.

Capabilities and Future Plans

Iran probably is capable of successfully defending itself against invasion by any of its neighbors except the Soviet Union. An inability to move supply depots rapidly forward, an inadequate transportation network, and a shortage of helicopters to transport troops give Iran only limited offensive capabilities outside its borders. The critical shortage of trained personnel, especially in leadership and technical positions, also adversely affects the combat capabilities of the

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The F-15

force. The Shah is aware of this problem and is taking steps to correct it. Over the past few months, he has removed several high-ranking military figures for failing to implement the modernization program successfully. He has requested that the US and Britain continue to provide military and technical training assistance. An additional 600 US advisers and technicians, 100 of whom are civilians, may soon be sent to familiarize the Iranians with the operation and maintenance of their new helicopters.

The air force, too, has suffered from the rapid expansion. The acquisition of a large number of new aircraft in a short time period has tended to outstrip the number of qualified personnel needed to maintain them. In late 1972, Iranian Air Force officials acknowledged that there was an acute shortage of qualified personnel in the air force. Despite this, Iran probably has sufficient pilots for the aircraft already in the inventory. These pilots are believed to be reasonably proficient, but their effectiveness in combat is as yet an unknown.

For the most part, Iran's combat aircraft are located opposite Iraq and along the Persian Gulf. The military importance of the Gulf to Iran has led Tehran over the past several years to construct three new airfields along its coastline. The air base at Bushehr is operational and the one at Bandar Abbas is nearing completion. An airfield at Jask is still under construction. When all three airfields are operational, Iran will be able to cover the strategic Strait of Hormuz and, thereby, access into the Persian Gulf.

The Shah has indicated his intention to construct air facilities at Chah Bahar on the Gulf of Oman as well. The construction of these facilities and the acquisition of the KC-707 aerial tankers would extend the operational range of Iran's reconnaissance and combat aircraft deep over the Arabian Sea.

The F-4 and F-5 aircraft provide Iran with a fighter and ground attack capability superior to any of its non-Soviet neighbors. The Iranian aircraft are now equipped primarily with US Sidewinder and Sparrow air-to-air missiles. Iran has

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